FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,030 — Thursday November 29 1979 — ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

257 toll feared in DC–10 crash

257 passengers and crew on ...d an Air New Zealand ... 10 were feared dead after ... jet crashed on the slopes of ... smouldering volcano in ...arctica.

... aircraft, which was on a ...tseeing trip, was spotted by ... pilot of a U.S. search air... near Mount Erebus, and ...ue teams immediately set for the area. Page 3

...I.S. DC10 jet belonging to ...onal Airlines was forced to ... back to Heathrow after ...loping engine trouble.

...asefire hopes

...ement between the ...iotic Front and the UK on principles of a ceasefire in ... Rhodesian guerrilla war ...ed in sight after Lord ...ington made it clear that ...in was prepared to shift its ...nd on at least three key ...s to meet Patriotic Front ...tions. Back Page

...trol threat

... UK petrol supplies were ...tened by a tanker drivers' ...te over the use of contract ...r. The action came as ... raised the prices of its ...star petrol by 2p a gallon ...e pumps. Back Page

...llaghan booed

...osition leader James Cal...an was greeted with boos ... an outburst of violence in ...ral Hall, Westminster when ... spoke after the Labour ...y and trade union march ...gh London in protest at ...Government's public spend...cuts. Page 12

...nnedy knife bid

...oman carrying a knife was ...d by secret service agents ... she rushed into the ...tion room of Edward ...nedy's Senate office. She ... charged with assault with ...adly weapon.

...we pay plea

...cellor Sir Geoffrey Howe ... make a direct appeal to the ... and CBI at next Wednes... National Economic ...lopment Council meeting ...operate in curbing exces... wage demands. Parliament, ... 14

...rn ban move

... pornography will become ... easily available to adults. ...nearly all soft pornography ... be banned from newsagents ...e recommendations of the ...rnment inquiry into ...ography in the UK are ...pted.

...pe in Turkey

...ish troops and police ...ated a big security opera... for the arrival of Pope John ..., who is visiting the country ... bid to heal the rift between ... Vatican and the Orthodox ...ches.

...iefly . . .

John Hunt, former Cabinet ...etary, is to succeed Sir ...ick Reilly as chairman of ... London subsidiary of ...ich Banque Nationale de ...s next April. Page 22 and ... and Matters, Page 26

...-piece silver dinner service ... owned by George III was ... for more than £500,000 at a ...eby's auction in Monte ...

...ury opened into the rail ...h on Easter Monday near ...ley in which seven died and ...e than 60 were injured.

...istmas air mail to the U.S. ... Canada, and air parcels to ... Far East, Australasia and ...ope should be posted by ... Monday.

...ning numbers of £100,000 ...mium Bond prizes this ...th are 10YT 227905; 9JZ ...441; 22ZP 99485; 1EZ 07723.

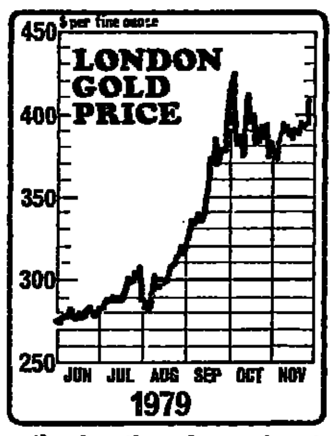
BUSINESS

Iran hits $: silver and gold advance

● DOLLAR lost ground against the main currencies as uncertainty over Iran undermined confidence. U.S. currency fell to DM 1.7465 (DM 1.7490) and Y249.0 (Y249.40). Against the Swiss franc it fell to SwFr 1.6360 (SwFr 1.6490) but its trade-weighted index rose slightly to 86.6 (86.5) before the decline in later trading.

● STERLING rose 1½ cents to $2.1760 ($2.1610), and its index rose to 69.3 (69.0).

● GOLD rose sharply on the London bullion market to close at $409¼ against Tuesday's $394¾ in hectic trading, caused



partly by the sharp rise in silver, and partly by uncertainty surrounding major currencies.

● SILVER advanced 58.05p an ounce to 829.45p in London. Page 39

● EQUITIES staged a technical rally on hopes of a resumption of normal working at BL, but business was limited (institutions still reluctant to commit funds. The FT 30-share index rose 4.4 to 416.9.

○ GILTS developed an easier trend in longs, but short and medium-dated maturities maintained rises up to ¼. The FT Government Securities index shed 0.01 at 64.55.

○ WALL STREET was up 0.60 at 826.45 shortly before the close.

● SAUDI ARABIA is planning alternative outlets for its crude oil exports following mounting doubts about the security of the Strait of Hormuz at the mouth of the Gulf. Page 3

● DUTCH CENTRAL BANK has raised its interest rate by 1 per cent to a record 9.5 per cent. Page 2

● HOUSE REBUILDING costs have risen 22.3 per cent over the past year according to the British Insurance Association. Page 10

LABOUR

● BOC and Ford Motor manual workers, two traditional pace-setting groups for private-sector wages, have accepted deals worth respectively 33 per cent over 20 months and 21.5 per cent over 12 months. Page 12

● BRITISH SHIPBUILDERS will be able to afford little or no pay rise for its 80,000 workers due to Government cash limits. Page 12

COMPANIES

● TONGAAT GROUP of South Africa registered a first-half operating profit of R14.69m (£8.25m) against R7.63m previously. Page 36

● CSR industrial and mining group of Australia now has 48.8 per cent stake in Thiess Holdings, the Queensland coal, construction and motor group, and hopes to have over 50 per cent by today. Page 23

● JOHNSON MATTHEY & CO., the precious metal refiners, increased pre-tax profits for the half-year to September 30 to £11.46m (£9.18m). Page 28

● BPB INDUSTRIES reported pre-tax profits for the six-months to September 30 of £21.23m (£17.73m) following higher sales. Page 28

...IEF PRICE CHANGES YESTERDAY

(...ices in pence unless otherwise indicated)

RISES		
...B Inds.	157	+ 11
...rk (M.)	146	+ 6
...rnet Radiovision	138	+ 10
...zealand	54	+ 7
...xo	410	+ 7
...ll (M.)	146	+ 6
...rson Trust	124	+ 9
...cking Pentecost	107	+ 4
...ghland Distills.	99	+ 6
...nson Matthey	202	+ 12
...de Intnl.	198	+ 9
...nd Secs.	253	+ 7
...cas Inds.	216	+ 4
...EPC	148	+ 5
...gnet & Southerns	135	+ 10
...yer (Montague L.)	78	+ 5
...ws Intnl.	141	+ 11
...radise (B.)	26½	+ 3
...nwick	63	+ 5
...atchi and Saatchi	126	+ 12
Tarmac	189	+ 7
Tunnel B	288	+ 8
Utd. Scientific	325	+ 9
Vickers	109	+ 6
Wearwell	51	+ 4
Siebens (UK)	354	+ 30
Anglo Amer. Crpn.	440	+ 30
Ashton Mining	92	+ 6
De Beers Dfd.	370	+ 18
Gld. Fld. S. Africa	£25⅝	+ 1½
Grootvlei	294	+ 26
Impala Plat.	181	+ 11
Libanon	756	+ 57
President Brand	£13½	+ 1½
Samantha Expln.	29	+ 4
FALLS		
Brit. Cargo Airlines	70	− 5
Hill Samuel Wrrnts.	10	− 10
Ladbroke	143	− 4
Shaw and Marvin	16	− 1½
"W" Ribbons	32	− 6

£150m losses may force BSC into further cuts

BY ROY HODSON

MORE stringent steps to reduce steelmaking capacity are being discussed with the Government by Sir Charles Villiers, chairman of the British Steel Corporation, and his Board. Sir Charles is to disclose today a £150m loss for the first six months of the financial year and forecasts even heavier losses.

The steps may involve the closure or mothballing of some modern production units and production pauses at other works. The gloomier outlook for demand means that BSC is likely to need a capacity of no more than 15m tonnes a year, geared to serve home market needs with little or no production for export.

Up to 2m tonnes of steelmaking capacity could be shed, with the loss of thousands of jobs, in addition to the 15,000 jobs which are scheduled to go in the present round of works closures and in de-manning programmes.

Pairs of works or even groups of works would be expected to operate at reduced output on a basis of sharing remaining facilities after a proportion of the furnaces and mills had been taken out of production.

The big South Wales strip mills at Port Talbot and Llanwern, employing 20,000 people, are certain to be affected. Orders for sheet steel have already fallen so sharply that it is proving impossible to load both works properly and some of their rolling mills are sometimes standing idle.

Cuts are also likely at Ravenscraig, Scotland, and its satellite works, and at Teesside, where British Steel has its biggest single investment in new plant.

Sir Keith Joseph, Industry Secretary, last night met Sir Charles and key members of the British Steel management for a final analysis of the corporation's mounting difficulties before publication of the half-year financial results.

Forecast

Sir Charles is expected to disclose a loss of about £150m for the period April to September. He will couple with that statement a grim forecast that declining steel sales will force the corporation into deeper losses in the second half of the financial year and beyond unless drastic measures are taken at once. British Steel lost £309m in 1978-79 and has lost £1.1bn since 1975.

There is now no possibility of the corporation's reaching a break-even trading position by next March as Sir Keith ordered when he warned in July that the Government would cease funding trading losses after that date.

Some sectors of the steel market have virtually collapsed in the past fortnight since interest rates were raised to record levels. "The commercial situation for our steel is diabolical," said a British Steel manager yesterday.

Orders for most forms of steel for the home market with the exception of constructional steel have fallen away. Export business can only be obtained at profitless prices for British Steel.

Forecasts for home market demand for steel well into the 1980s are that British industry will, in the short term, be buying less steel than at any time in the past 10 years. Steel-using companies are working through their stocks. The general strategy being adopted by industry is to hold factory steel stocks to a minimum while money remains expensive.

British Steel is being squeezed between its drive for more efficient production, which has been succesful in recent months, and the sharp fall that has occurred in steel demand.

Britain faces stormy summit

By Guy de Jonquieres, Common Market Correspondent in Brussels

MRS. MARGARET THATCHER faces one of her toughest challenges today when she meets other EEC leaders in Dublin for what promises to be a stormy European summit over the size of Britain's net contribution to the Common Market budget.

Unless the gulf between Britain and the other eight EEC members can be narrowed significantly over the next two days, the Community may be plunged into a deep political crisis in which the UK risks being almost totally isolated.

The challenge is partly of Mrs. Thatcher's own making. Though her insistence that the summit takes firm decisions has undoubtedly helped dramatise Britain's demands, many EEC observers believe these go far beyond what even Britain's most sympathetic partners are prepared to offer.

She wants immediate measures to restore a "broad balance" to the UK's net payments to the EEC, estimated at more than £1bn next year. But no other EEC Government has given any sign it will contemplate a settlement that would reduce the sum by more than about one-third.

The other leaders have also made it clear they will be reluctant to offer even that much unless Mrs. Thatcher is prepared to soften her own stand, both on the budget and on other contentious issues like North Sea oil, mutton and fisheries.

Mrs. Thatcher has also indicated her position is not wholly inflexible, and she may accept less than a conclusive settlement, provided a satis-

Continued on Back Page
Feature, Page 26

Exxon may spend $3bn on shale oil

BY STEWART FLEMING IN BOCA RATON, FLORIDA

MR. C. C. GARVIN, chairman of Exxon, the world's largest oil company, yesterday supported the Carter Administration's proposals for the rapid development of a synthetic fuels industry.

He said Exxon was close to a decision to invest £3.5bn in a 50,000 barrel-a-day shale oil plant in Colorado.

Mr. Garvin told the annual convention of the Securities Industry Association he did not expect OPEC countries would be able to re-establish a single world price for oil at their meeting in Caracas next month. This would result in prices being higher than would otherwise have been the case, with demand rising and purchasers willing to meet the higher costs.

On a more optimistic note he said the U.S. might have seen a peak in petroleum consumption in 1979 because conservation by industry and the public was taking effect.

Mr. Garvin linked the call for the development of a synthetic fuels industry with a plea to the Federal Government to provide "modest economic incentives" to help meet the heavy capital investment required.

Available

He conceded that one of the reasons for seeking government incentives was a desire by the company to get back some of the millions of dollars it would pay to the U.S. Treasury, assuming the proposed windfall profit tax on oil companies was passed.

Demand for oil exceeded available supply. This had arisen three or four years earlier than Exxon expected, partly because of political developments in the Middle East.

As the U.S. approached the end of the century, it seemed U.S. energy supplies, even with the contributions of coal and nuclear power, would fall further below demand and imported oil would be available "at a political and economic price higher than the country will want to pay."

But two types of fuel—shale oil and natural gas from coal—were "close to being competitive with imported crude oil at current costs."

Ventures

Mr. Garvin suggested the Administration's plan to develop a 1.5m barrel a day synethic fuel industry in the next ten years was over optimistic. But for about $700bn the U.S. could have a synthetic fuel industry producing the equivalent of 15m barrels of oil a day by early in the next century. He described this sum as "manageable."

Exxon was "at the point of seriously considering" commercial ventures for the production of synthetic fuel, including a 50,000 barrel a day plant in Colorado to extract oil from vast oil shale deposits and a plan to get natural gas from lignite deposits in Texas.

But "modest" government incentives would be needed, including an increase in the investment tax credit to 15-20 per cent.

Occidental Petroleum has been a leader in the development of shale oil in the U.S. and has had a pilot project in Colorado for several years.

There are environmental obstacles to the development of a big shale mining industry in the sparsely populated regions of Colorado, including a shortage of water.

Mr. Garvin said large scale production would require the transfer of water, some of which would have to come from other states.

Closure threat forced union to halt BL strike

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS decided against an official strike at BL after being threatened with mass dismissals and "the end of British Leyland," Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday.

Mr. Duffy said that his executive was told during talks with Sir Michael Edwardes, BL chairman, on Tuesday that if the union made action over the dismissal of Mr. Derek Robinson, the Communist convener at Longbridge, official "everyone on strike would be sent his cards at his home on December 4."

Mr. Duffy said that Sir Michael had said that BL would seek no further funds from the Government and that would mean the end of the company.

Mr. Duffy, who acknowledged that he had originally been in favour of calling an official strike, said that his executive had been forced to seek a compromise faced by the "stark reality of the closure of British Leyland."

The unions executive decided to instruct its members involved in unofficial action to resume normal working pending a union investigation into Mr. Robinson's dismissal. Although the union says that if this shows that he was unfairly dismissed it will enter an official dispute with BL it appears improbable that this will lead to further strike action.

A meeting of the Midlands finance and general purposes committee of the Transport and General Workers' Union—which did make the dispute official on Tuesday—yesterday decided to suspend action in view of the engineers' decision.

Mr. Brian Mathers, Midlands regional secretary of the Transport Workers, reacted with unconcealed bitterness to the engineering union executive's surprise climbdown from an official strike. "I believe quite honestly that we have been stabbed in the back. I believe a wrong decision was taken and we have been faced with a fait accompli."

Mr. Robinson, who was dismissed after being accused of undermining the BL recovery plan, has said he is "bitterly disappointed at the AUEW executive council refusing to defend basic union rights." It would, he said, be seen by many trade unionists as abdicating responsibility.

Pockets of continuing unofficial support for Mr. Robinson appeared to be giving in last night. BL said that only a few hundred workers were still out at Longbridge, and there was a full resumption of production yesterday.

Strong support for strike action continued at the Canley, Bordesley Green and Castle Bromwich plants. But there will be mass meetings at all these factories today and, in view of the withdrawal of official support, a swift resumption of work is likely.

Editorial comment, Page 26

Limited support for new stock

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE NEW long-dated gilt-edged stock had attracted only limited support when the offer closed yesterday morning.

The Bank of England announced that all tenders for the stock, 14 per cent Treasury 1998-2001, were accepted in full at the minimum price of £95.50.

Only about 15 per cent of the £1bn nominal on offer seems to have gone, with £20 per cent payable yesterday.

These proceeds, coupled with the £200m or so received over the past week from sales of the medium-dated 1985 stock, mean that the funding programme is still moving slowly after the £1bn sell-out of a long-dated issue a fortnight ago.

The key point for the authorities is that now two tap stocks will help them to manage the markets. This ties in with the objective of stopping yields moving too far from current levels and hence preventing premature expectations about changes in Minimum Lending Rate.

£ in New York

—	Nov. 27	Previous
Spot	$2.1575-1585	$2.1620-1635
1 month	0.65-0.57 dis	0.50-0.45 dis
3 months	1.48-1.39 dis	1.35-1.30 dis
12 months	5.25-5.05 dis	4.90-4.80 dis

Iran's 25% Krupp stake frozen

BY OUR FOREIGN STAFF

MORGAN GUARANTY of the U.S. has succeeded in freezing the Iranian government's 25.02 per cent stake in Fried Krupp, the West German steel and engineering group for which the Shah's government paid some DM 875m (£231m) last year.

The U.S. bank secured a distrain order from an Essen court yesterday and seized the Iranians' shares, Krupp confirmed. But final execution remains contingent on a judgment.

Morgan Guaranty obtained the distraint order just over a week ago, alleging default on an Iranian government loan of $40m. This was the bank's share of the $500m loan to the Iranian government organised by the Chase Manhattan Bank.

The order does not mean Morgan Guaranty has taken possession of the shares. They are effectively frozen and the Iranians will be unable to dispose of them until the matter has been resolved.

Morgan Guaranty's lawyers have also been trying to track down the Iranian Government's 25.02 per cent stake in Deutsche Babcock, the Iranian's other major industrial holding in West Germany. This was bought in 1975 for DM 178.3m (then £31.7m).

In this they have been less successful for unlike F. Krupp, which is a close company,

Continued on Back Page

SADR SACKED AS FOREIGN AFFAIRS CHIEF

Mr. Abol Hassan Bani Sadr, the man responsible for the decision to default on Iran's public debts, has been sacked as the country's effective foreign minister.

The decision was taken at a meeting of the ruling Revolutionary Council in Qom to decide whether Iran would attend the UN Security Council meeting on the crisis between Washington and Tehran.

The official Iran news agency said he had been replaced by Mr. Sadegh Ghotbzadeh, head of Iranian radio

CONTENTS

For latest Share Index phone 01-246 8026

Brezhnev attacks mismanagement and inefficiency

BY DAVID SATTER IN MOSCOW

IN THE face of rapidly slowing Soviet economic growth, Mr. Leonid Brezhnev, the Soviet President, yesterday delivered a sweeping attack on Soviet mismanagement and inefficiency. The speech injected a new sense of urgency into the country's previously desultory economic debate.

The Soviet economy has come in for criticism before. Many problems taken up by Mr. Brezhnev at yesterday's plenary session of the Communist Party Central Committee — careless planning, uncompleted projects, the waste of raw materials — have been repeatedly referred to in the Soviet Press.

Never before, however, has official dissatisfaction gone so far as to blame shortcomings on specific Soviet Ministers. Nor has Mr. Brezhnev ever previously suggested that it had become necessary to find the guilty parties behind every "shortage, carelessness, irresponsibility and bungling" — and to punish them.

Mr. Brezhnev announced in his speech that the Soviet grain harvest for 1979 had been a disappointing 179m tonnes, the worst result in the past four years. Oil production this year, he said will come to only 585m tonnes, 8m tonnes less than the oil production target.

These disappointments bode ill for the Soviet economy. They come against the background, moreover, of what promises to be the worst year for Soviet industry since the Second World War, and the certainty that the Soviet Union will fall well behind its targets for the 1976-80 five-year plan.

Mr. Brezhnev thus has every reason to be concerned about the economy. His remarks clearly showed that the Kremlin leadership believes that not merely exhortation but also basic changes in work practices are needed to reverse the present drift of events. It also appears to feel that tough disciplinary measures will be required.

Mr. Brezhnev said that, despite the fact that the Soviet Union is the world's biggest producer of steel, iron, mineral fertiliser, and cement, the Soviet users of these products frequently find they cannot meet their needs.

He laid part of the blame on the transport, and the metallurgical and machine building industries. The Ministry of Transport, for lack of proper organisation and maintenance of equipment, did not guarantee the timely shipment of vital cargoes, leading to shortages of fuel, ore, timber and grain.

The metals industry was slow to introduce new processes, and frequently squandered raw materials or used them for purposes other than those for which they were intended. The engineering industry also wasted metal, and frequently produced machinery inappropriate for its intended purpose.

Mr. Brezhnev criticised the performance of Gosplan, the state planning agency, which is being reorganised to give central planners the ability to concentrate on the five-year plan, while allowng specific enterprises to plan the details of their production year by year.

Referring to Gosplan, he said there were serious problems when a vast factory for production of mineral fertiliser was completed before anyone realised supplies of fuel and raw materials were unable to support it, or when a new engineering enterprise worked at half capacity because there were not enough cadres to staff it.

Mr. Brezhnev also criticised the number of unfinished projects in the Soviet Union — a perennial problem — and said resources were frequently dispatched to unimportant projects. This is the result frequently not just of regionalism, but of arbitrarines. He said next year the number of new projects would be cut.

In the agriculture sector, the production of meat was increasing too slowly, despite an enormous investment in animal feed production to build up Soviet herds. Farmers were paying too little attention to the drying, sorting and cleaning of the harvest, with the result that much of what was cut was subsequently lost.

Regarding light industry, it was "unforgivable" that Soviet consumers found such items as soap, washing powder, tooth brushes and paste, needles and thread unavailable.

The Soviet President said there was a need to strengthen discipline so that it was understood that plan target had to be realised. It was also necessary to raise the level of administration "in the very broadest sense of these words."

This might mean replacing those whose consciences do not call them to dedication and responsibility with "comrades who move forward energetically, creatively and with intelligent initiative." Only in this way would it be possible to avoid returning every year to the same questions.

President Leonid Brezhnev

EEC faces crisis over 1980 budget changes

By Margaret Van Hattem in Brussels

THE EEC appears to be on the verge of a financial crisis following a decision yesterday by the European Parliament's budget committee to recommend that Parliament reject the Community's 1980 budget.

The move is in retaliation against the Council of Ministers, which last weekend threw out most of the Parliament's proposed amendments to the budget. These would have increased spending in the Community's poorer regions and cut spending on the dairy surplus.

The move could undermine decision by the European Commission earlier in the day to draw on 1980 budget funds in order to top up this year's farm payments, should the Parliament fail to approve the 1979 supplementary budget at its next meeting.

The supplementary budget would provide urgently needed funds to pay export subsidies on farm products. These are higher than was foreseen in the first 197[illegible] budget because of price rises agreed at this year's farm price review.

Already several countries are reported to have run out of money to pay the export subsidies, and others are on the verge of doing so. Should *they decide to support* their farmers temporarily with national funds, they would probably expect the Community to reimburse them for interest charges. These could run into millions of pound[s].

The Commission believes its decision to draw on 1980 funds is covered by a financial regulation which says explicitly that if funds run out in one year, advances to pay farm price support may be taken paid from December [illegible] onwards out of the following year's budget.

But this regulation presupposes that the following year's budget would by then have been approved. If the Parliament were to follow the budget committee's recommendation and reject the 19[80] budget, the Commission would have no legal basis for continuing farm payments.

Norway curbs Statoil privileges

BY FAY GJESTER IN OSLO

SOME SPECIAL privileges accorded to Statoil, Norway's state oil company, have been temporarily whittled down, as a result of two surprise votes in the Norwegian Storting (Parliament) on Tuesday. One likely consequence will be an increase in exploration costs on some new blocks the company is to be allocated in the near future.

Because two Labour MPs failed to turn up when votes were taken, despite pairing arrangements between party whips, the Government was defeated on two proposals supported by the four non-Socialist parties in the Storting. The Government intends to accept the results, even though the four parties together have only 77 seats, compared with 78 for Labour and its Parliamentary ally, the Socialist Left Party.

One proposal shortens the period during which Statoil can be certain of getting all the state's royalty oil, for its own use or for further sales (royalty oil is oil paid to the state by the oil companies, instead of cash).

The Government had promised—without the Storting's specific approval—to allocate to the company all royalty oil from Ekofisk until 1985, and from Statfjord and Murchison until 1983. Tuesday's vote makes this promise valid only until 1981, when its renewal will be subject to Storting approval.

Norway's next Parliamentary elections, which could deprive the Socialist Parties of their majority, are due in September, 1981.

The other proposal will affect Statoil's exploration costs on new blocks, where its partners include Norwegian oil companies. Until now, the state oil company has paid less than its share of exploration costs on such blocks.

On blocks where its partners are foreign oil companies, the latter have to bear the full cost of exploration until petroleum is found and the field declared commercial — the so-called "carried interest" arrangement.

As a concession to Norwegian interests, the Norwegian oil companies, Saga and Norsk Hydro, have carried only part of Statoil's costs on blocks where they are involved.

But the non-Socialist proposal says Norwegian companies must not be asked to pay any of the state company's costs. They must not, in future, pay a larger share of exploration costs on a block than their actual percentage stake in the block.

Meanwhile, the discovery of large, new gas fields near Norway's west coast has revived Norwegian interest in piping gas ashore to fuel a gas-fired power-station.

Previous plans for gas-fired stations in Norway were shelved because of the cost of transporting the gas, but recently discovered fields are so near the coast that only a short pipeline—about 100 kilometres—would be needed.

Mr. Sigmund Larsen, the head of the state electricity authority, discussed the matter this week with Mr. Arve Johnsen, managing director of Statoil.

Even if the Norwegians decide to take some gas ashore for this purpose, most is likely to be exported to the UK or the Continent via a gas-gathering line linking several offshore fields.

Costs 'could cut oil field' life'

BY OUR OSLO CORRESPONDENT

THE HEAVY cost of inspecting and maintaining offshore oil and gas platforms could shorten the life of some fields, according to Mr. Carl Anderson of Phillips Petroleum.

Near the end of a field's life, when output was tapering off, this expenditure would be disproportionately large in relation to production value, so that it would no longer be worthwhile keeping the field in operation, he said.

Addressing an international seminar on offshore inspection and maintenance, Mr. Anderson said petroleum production in the North Sea had turned out to be far more difficult and expensive than the oil industry had foreseen.

His company expected to spend some $40m this year on the Norwegian Ekofisk field, where is is operator, simply to find and repair faults and damage to structures and pipelines above and below sea level.

Overall, this averaged about $180,000 a job, but underwater work alone was much more costly, averaging about $400,000 a time.

Other speakers told the seminar, arranged by the Norwegian classification institute, Det Norske Veritas, that over the life of an offshore structure, inspection and maintenance costs would about equal what the structure originally cost to build. These costs now represent about 17 per cent of total operating expenses.

A Veritas director, Mr. Jacob Eri, said more efficient planning and organisation could help cut expenditure on inspection and maintenance.

Reuter adds from Stavanger: Total production of oil and gas on Norway's continental shelf reached around 31.06m tonnes of oil equivalent in the first 10 months of this year, compared with 24.88m in the same period of 1978, the Norwegian Petroleum Directorate said.

The Ekofisk area produced 14.74m tonnes of oil and natural gas liquids, compared with 14.11m tonnes for the same period in 1978. Ekofisk gas sales were around 10.03m tonnes, compared with 7.83m tonnes a year ago.

Gas sales from Norway's 60.82 per cent share of the Frigg Field in the first 10 months were around 6.29m tonnes of oil equivalent, compared with 2.93m tonnes in the same period in 1978.

Dutch face nuclear waste row

By Charles Batchelor in Amsterdam

THE DUTCH Government faces a row in Parliament over new reprocessing contracts signed by the country's two nuclear power stations and factories in the UK and France.

The new contracts allow British Nuclear Fuels and *Cogema, its French counterpart*, to return radioactive waste to the Netherlands. The waste is now stored at the reprocessing plants at Windscale and Cap La Hague.

While there are no indications yet that Britain and France are running out of space to store the waste, the two Governments apparently want an escape clause in the new contracts which would allow them to return the waste to the customer. This is unlikely to happen before the mid-1990s.

This part of the new contracts has aroused fears in the Netherlands that it will receive large quantities of radioactive waste for which it has no safe storage area. The issue of nuclear power and the disposal of waste is to be discussed in a forth coming two-year public debate.

In June a majority in Parliament supported a motion tabled by the small Left-wing opposition party, Democrats 6, calling for a decision on the storage of waste to be delayed until after the public discussion.

But, in accordance with an agreement between the British, French and Dutch Government, Mr. Gijs Van Aardenne, the Economics Minister, has now asked Parliament to aprove the agreement permitting the return of waste.

Failure to approve the contracts would ultimately lead to the closure of the 450 MW nuclear power station at Borssele, and of the 50 MW experimental plant at Dodewaard, near Nijmegen.

Bank rate up to 9½%

By Our Amsterdam Correspondent

THE DUTCH central bank raised bank rate with effect from today to 9½ per cent from 8½ per cent, to bring it into line with domestic and international interest rates. Dutch bankers speculated that the West German Bundesbank may also decide to raise its leading interest rates at its directors meeting today.

The Dutch central bank's other official rates of interest have also been raised by a full percentage point. The rate for secured loans has been increased to 10½ per cent, while the promissory note rate has gone up to 11 per cent.

This is the fifth time this year that official Dutch interest rates have been raised, and comes four weeks after the last increase, on November 1. Then the Netherlands bank announced its decision within hours of a similar move by the West German authorities.

Dutch interest rates have been rising recently, despite the granting by the central bank of special loan facilities to commercial banks to ease money market conditions. Call money is expected to be around 14 per cent today, with three-months money at 15 per cent. With official interest rates lagging behind market rates, the Dutch banks had been forced to apply a 1 per cent special premium to their lending rates.

Schmidt expects vote in favour of N-power

BY ROGER BOYES IN BONN

WEST GERMAN Chancellor Helmut Schmidt said yesterday he expected the Social Democratic Party's crucial congress next week to vote clearly in favour of nuclear power as an interim source of energy.

Nuclear power is expected to be one of the most hotly contested issues at the party's conference, *where a substantial* of the party will oppose it, mainly because no satisfactory solution has been found to the problem of final disposal of atomic waste.

The party's leadership—including Herr Schmidt—hopes to resolve this issue, and wants to make use of nuclear power, as at least an interim and supplementary energy source.

These differences in the party prompted the Christian Democrat-Christian Social Union Opposition yesterday to demand that the Government make a clear and binding decision in favour of nuclear power which, in its view, should rank equally with coal in the Government's energy strategy.

The Christian Democrats, in a wide-ranging energy debate in the Bundestag (lower house) accused Herr Schmidt of abandoning a safe energy policy because of his party's divisions. Dr. Friedrich Zimmermann, leader of the Christian Social Union, said yesterday that if the Chancellor was unable to win over the Social Democrats to a pro-nuclear policy next week, he and his party would have lost the right to govern.

Ironically, this view is shared to some extent by the Chancellor himself. He has already hinted that he would resign if his party refused to vote for some form of nuclear power. Although a flat rejection of atomic energy seems unlikely at this stage, various antinuclear members of his party could embarrass the leadership by proposing important amendments to the pro-nuclear resolution.

Herr Schmidt, in a television interview last night, backed up his arguments in favour of nuclear power by stressing the limitations of domestic coal production. Output he said, could not be pushed much beyond the present level of 84m tonnes a year. Some DM 2bn (£523.5m) was being invested in opening up new pits, but this would take at least eight to ten years.

Warsaw pact plea to Tirana

By Leslie Colitt in Berlin

THE WARSAW pact countries have made their strongest appeal yet to Albania to resume "normal relations" with the Soviet Union and its allies, which ended 18 years ago when Albania broke with Moscow and turned towards Peking. In 1968 *Albania left the Warsaw Pact* military alliance.

Since last summer, when Albania severed its ties with China and accused the Chinese leadership of revisionism, there have been a few cautious overtures to Tirana from other East European capitals. The Albanian leadership, however, under Mr. Enver Hoxha, has ignored these approaches and continued to condemn the Soviet Union.

The bid to the highly nationalistic Albanian Communists came in simultaneous articles published yesterday in Warsaw Pact Communist Party newspapers for today's 35th anniversary of Albania's liberation from Italian and German occupation, and the subsequent establishment of a Communist state.

German steelmakers bid to cut strike losses

BY OUR BONN CORRESPONDENT

WEST GERMAN iron and steel producers have decided to join a protective association set up to compensate employers for financial losses incurred during strikes.

The decision has both a material and a symbolic importance. The Iron and Steel Federation's membership of the Strike-Compensation Association will be backdated to exactly a year ago — marking the outbreak of West Germany's first steel strike in half a century.

As a result of the move, the Iron and Steel Federation (which groups all Germany's major steel producers) will receive about DM60m (£15.7m)—still far short of the actual losses during the six-week winter strike. The funds will be distributed by the federation to the hardest-hit concerns.

But the real significance of the decision, according to a Steel Federation spokesman, is that it will strengthen solidarity among employers. With a tough wage round ahead—the IG-Metall metal workers' union is expected to push for a 9 per cent rise—the employers consider it is particularly urgent to close ranks.

The Federation stresses that membership of the Association will not harm labour relations within the steel concerns, and says membership should in no way provoke the unions. The employers, the Federation says, are determined that industries should not be isolated in future labour disputes.

The Association's strike compensation fund is made up contributions from the ten industrial federations. Membership of the protective association appears to have a certain deterrent effect on unions considering lengthy industrial action. Association officials point to the "constructive" effect its support last year for the Brewers' Federation, when was threatened by a strike brewery workers in the state North Rhine Westphalia.

France raises minimum wage

By David White in Paris

THE FRENCH Government yesterday made a gesture towards improving the lot of the lowest-paid, raising the minimum wage by slightly more than the statutory amount.

The Cabinet approved a 4.1 per cent increase, rather more than expected. The minimum wage, the "SMIC," has to rise at least 3.1 per cent to keep pace with inflation.

The increase affects 700,000-800,000 workers, bringing their basic monthly pay to FFr 2,241 (£250).

This, however, is well below the FFr 2,700 demanded by France's largest trade union, the Communist-led CGT, in discussions earlier this week.

The basic old age pension is also to go up by 5.8 per cent, to FFr 40 a day from December 1, bringing a pensioner's minimum annual earnings to FFr 14,600 (£1,640) from FFr 13,800, in fulfilment of general election pledges early last year.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

Swiss pledge to cut budget deficit in 1983

BY BRIJ KHINDARIA IN GENEVA

The Swiss Government will drastically cut spending to bring the yearly budget deficit to SwFr 500m (£147m) in 1983, from an estimated level of SwFr 3.3bn, Mr. Georges Andre Chevallaz, the Finance Minister, announced in Parliament at Berne.

Mr. Chevallaz made the surprise announcement in a debate on the 1980 budget. The Minister's immediate aim appeared to be to obtain approval from Parliament for the SwFr 1.3bn deficit planned for next year.

Worried by inflation estimated at an unprecedented 5 per cent this year, compared with rates of around 1.5 to 2.5 per cent in recent years, parliamentarians attacked the 1980 budget as inflationary.

Switzerland's next three-year financial plan begins in 1980, and Parliament's Finance Commission has insisted that Mr. Chevallaz offer new ideas for holding down inflation.

The issue is further complicated by fears that the Swiss franc may again come under severe upward pressure.

The socialist group in the Swiss Parliament is insisting that no cuts occur in social spending, while the conservative radical group insists that Mr. Chevallaz has strayed too far from the good housekeeping formula of a balanced budget.

There is little scope for substantially increasing tax receipts, and Mr. Chevallaz has withdrawn his proposal to replace Switzerland's direct consumer tax system by value added tax, following a referendum defeat earlier this year.

The Minister promised to present a detailed plan early next year to achieve the planned deficit reduction. He outlined the only policy options left to him—cuts in government spending, no increase in direct taxes, and re-allocation of revenues between the Federal Government and the administrative cantons.

No cuts would be made in social security and defence spending, and the only new source of revenue would be a tax on heavy lorries, he said. The Federal Government's total revenues are estimated at SwFr 8bn, of which half comes from direct consumer taxes.

PROBLEMS FACE THE IRISH POUND

Tough break with sterling

BY STEWART DALBY IN DUBLIN

WHEN IRELAND'S Prime Minister Jack Lynch chairs the EEC Council of Ministers summit meeting in Dublin today and tomorrow, he will have to hold the ring between a bellicose Mrs. Thatcher, who wants a reduction in Britain's contribution to the EEC budget, and an intransigent President Giscard d'Estaing of France, who does not want the Common Agricultural Policy tampered with.

That is a big enough headache on its own. But on top of this Mrs. Thatcher has apparently announced that she wants to go on a shopping expedition in Dublin during a summit break, and at the risk of compounding his affliction Mr. Lynch may well be tempted to remind her to carry some Irish pounds with her.

The British and Irish pounds have not been freely interchangeable at par since March, when Ireland joined the European Monetary System (EMS) and Britain stayed out. And the four main Irish associated banks are now closed because of a dispute by 12,000 bank employees over the extra work involved in handling sterling transactions following the break with sterling.

Terry Kirk

Mr. George Colley, Ireland's Finance Minister.

Ireland has a small open economy in which trade accounts for over 90 per cent of its GNP. By the end of this year a yawning trade gap of IR£1.2bn ($2.55bn) is in prospect, close to the largest ever.

The bank dispute is not as bad as it sounds as there are 18 non-associated banks empowered to handle sterling. But because the four associated banks handle the vast bulk of Irish pound/sterling transactions, their closure since last Friday has caused considerable dislocation. Equally, Ireland has not been faced with a liquidity crisis. But the closure has served to underline the fragile state of the Irish pound, and come as a sharp reminder that devaluation is one of several possible options to redress the country's difficult balance of payments problems.

To many people it is a wonder that the currency has not come in for a battering already. This gap — the true size of which is only now coming to light because of a five-month postal strike—has been aggravated in the short term by temporary balance of payments problems arising from a severe shortage of Irish pounds. This stems directly from the setting up of an independent currency.

Before Ireland joined the EMS there was no problem in raising credit—it could simply be done in London in British pounds. But since splitting off last March, the need to repatriate funds has created a local shortage of Irish pounds. Possibly some IR£800m in borrowings has been repatriated so far.

Moreover, under new foreign exchange rules imposed almost a year ago, all funds in foreign bank accounts are supposed to have been sent home. But not too much of this financial repatriation seems to have occurred. Some £300m is thought to be on deposit across the border in Northern Ireland, for example, mostly from farmers anxious to avoid the taxman's beady gaze. It would be interesting to know how much of that, if any, has found its way south in the summer when the Irish pound was worth 89p.

The most optimistic economic forecasts predict that the trade gap will push the balance of payments deficit on current account over IR£600m, after IR£156m in 1978. This will probably not be off by capital inflows. The Ind[us]trial Development Authori[ty] Ireland's main agency attracting new investme[nt] reckons direct foreign inve[st]ment from abroad could run £400m with luck.

Finding the extra pou[nds] needed for repatriated borr[ow]ings is compounded by the f[act] that the Government is heav[ily] in debt. In his budget l[ast] February Mr. George Coll[ey] the Minister of Finance, e[sti]mated that the public sec[tor] borrowing requirement in 1[979] would be equivalent to 10 [per] cent of GNP, or some IR£7.3[m]. It now seems certain he v[will] have to find at least IR£10bn nearer 13 per cent of GNP.

In short by all the norm[al] criteria of small open eco[no]mies which spend too mu[ch] something somewhere is go[ing] to have to give. So far [the] Irish pound has stayed near [the] top of the EMS because it i[s a] small currency and no c[one] wants to speculate in it.

In its range of options [to] remedy the country's econo[mic] problems, the Government [at] least has a new instrument. F[or] the first time it can operate monetary policy. When the Ir[ish] pound was linked to sterli[ng] the Central Bank could not c[on]trol credit and interest ra[tes] were within a half per cent [of] those prevailing in London.

This year the Central Ba[nk] has decreed that credit can[not] expand by more than 18 [per] cent and has rigorously [en]forced those guidelines. E[ven] tight credit is probably not [go]ing to be enough to stop mat[ket] forces overcoming the Ir[ish] pound. The Government fac[es] the options of running down [re]serves, borrowing abroad or d[is]pensing a sharp dose of def[la]tion in the next budget. Wh[at]ever happens, it could be a[n] [dis]tasteful medicine.

Michael Field examines the pitfalls of traditional Western explanations of the volatile politics of modern Arabia

Warning signs the West should look for

'A CENTRAL Intelligence Agency briefing document a few years ago described Prince *Sultan bin Abdel-Aziz*, the Saudi Arabian Defence Minister who played a key role in tackling the siege of the Great Mosque *in Mecca as being* "like a rising young executive." The phrase was a classic example of America's and the West's preoccupation with looking at the Middle East in their own terms.

In the past few weeks this habit has left Western policy makers bewildered by their inability to deal with the Ayatollah in Iran and groping to understand the significance of the events in Mecca on the first day of the new Muslim 15th century, when an important group of *central* Arabian tribesmen occupied the Great Mosque.

Prince Sultan, the brother of King Khaled and 13th son of Ibn Saud, the founder of the Saudi Kingdom, has been associated with the family group that has favoured high spending and industrialisation, even at the cost of a big inflow of foreigners and rapid change in a very *religious*, traditional society. As such, Sultan can be thought of as a relatively "modern" personality within the family. But if Western parallels have to be drawn it would be better to go back to the 15th century in Europe and compare him with a Medieval prince.

The role of any Saudi prince *in government, his relationship* with his brothers, his view of the Kingdom, his family rules and the bonds of tribe, marriage and hard cash payments to loyal servants — which are what hold it together — would all be familiar to princes in the latter Middle Ages. They bear little resemblance to the outlook of a Western minister, let alone a "*young executive.*"

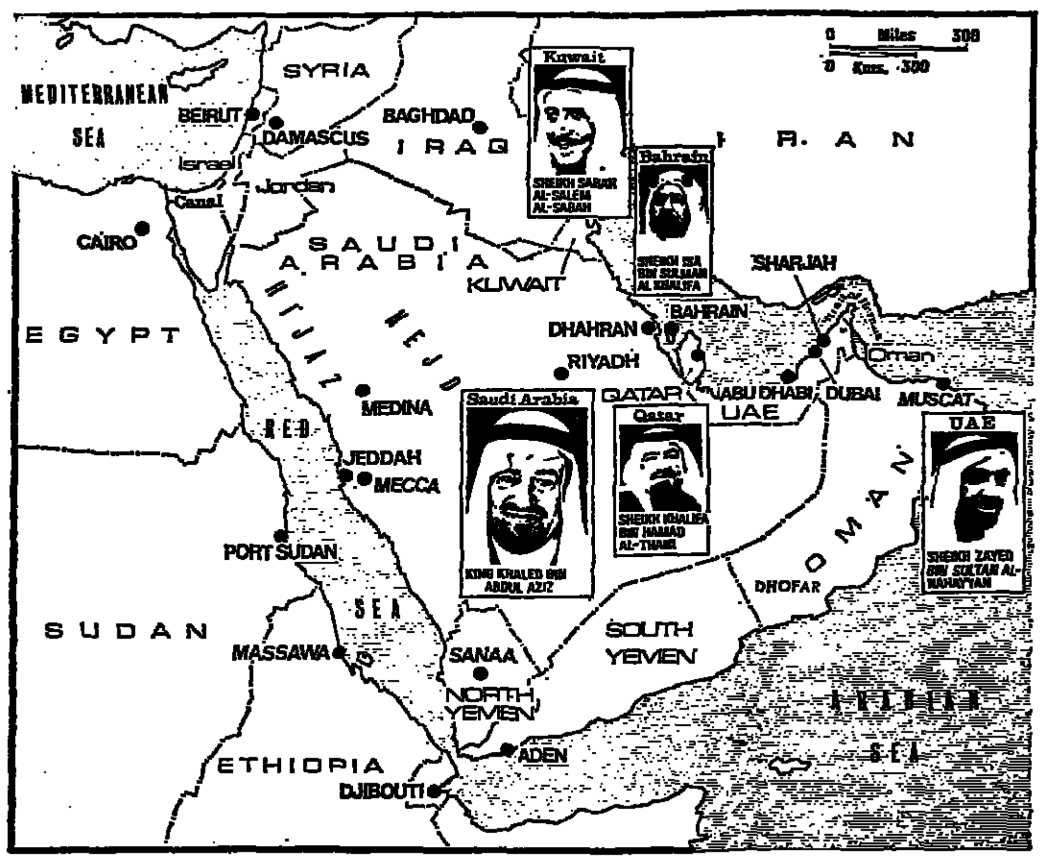
The West is now having to adjust to seeing the internal politics of Arabia in terms of the area's own culture. It has to understand something of the traditional priorities in the minds of Saudi princes and their subjects as well as the more familiar views expressed by the country's small, new technocrat class. This is important because all the destabilising events of the past year in Saudi Arabia and Bahrain, where there have been minor riots, as well as in Iran on the other side of the Gulf, have internal origins.

They have not stemmed from the Russian Indian Ocean fleet, the left wing Ba'athist regime in Iraq, the half million Palestinian immigrants in the Gulf, or the threat to the Straits of Hormuz, the narrow waterway at the mouth of the Gulf through which the tankers carrying 40 per cent of the free *world's oil supplies pass.*

The threat to the West, though, has been just as real as if the disturbances had sprung from a more conventional and easily understood source. At worst, an internal political upheaval in an Arabian oil producer could mean a complete stoppage of oil exports. Alternatively, disillusionment with the foreign cultural influence that fast development brings, which is what inspired the Bahrain *demonstrations and the tribes* who stormed the mosque in Mecca, might lead to slower rates of development spending.

This would mean fewer contracts in what has recently been the world's fastest growing market and a reduction in oil output to take account of the lower demand for revenue. On this issue, there has long *been a debate* in the Saudi ruling family, which the events in Mecca are now bound to influence in favour of the conservatives.

Arabia is a tribal society where people think in terms of family, tribe and regional community, but not, in the first instance, in terms of modern nation-states living in an international world of interlocking interests. This is a pattern of society which Westerners dealing with Arabia acknowledge in conversation but tend, in practice, to disregard. They make a valid enough distinction between "*nationals*"—*those in* "the long white robes"—and Indians, Pakistanis, Egyptians and Palestinians, the second-class residents who do the labouring and technical work.



On the surface the changing environment in the Gulf—high-rise office blocks, industrial estates, pocket calculators and limousines—is Western. Beneath these misguiding symbols, the lives that people live and their attitudes to their fellow men, their social priorities—the issues that really matter to them—remain deeply tribal.

The most important people in the world to a Saudi prince are the members of the royal family, who are austere revivalist Moslems with a long tribal history. Beyond them are the Nejdis, the desert tribes and townsmen of the Saud family homeland in central Arabia. They need not necessarily be living in Saudi Arabia. A person originally from the Nejd now living in Kuwait will be more important in the eyes of a member of the Saud family than a Saudi citizen whose homeland is the Hijaz area, on the Red Sea coast within the Kingdom.

In the next circle in this widening series would be the other Arabian Arabs of the orthodox Sunni branch of Islam, coming from the Hijaz, Hassa (the traditional centre of the Eastern Province), Bahrain, Kuwait, Qatar and the United Arab Emirates.

Next come the religiously unorthodox, somewhat mystical Shias, mostly living in the Eastern Province or Bahrain, who are regarded as heretics and quite beyond the pale. Everyone else lies over the horizan. Foreigners, be they northern Arabs, Asian moslems or *Westerners*, may be *useful* but they are not people of any importance.

Those of the great merchant families of Saudi Arabia, who are of Persian origin, will still be referred to as ajnabi (foreigners) by most of the *royal family even if* they arrived in Arabia 100 years ago.

This world has nothing to do with the neat division of Arabians by modern nation-state. It is vital to understand that the political and personal relationships that matter to Arabians today are determined by what happened in the past. Who their ancestors have married, who their grandfathers fought alongside 50 years ago, what betrayals they suffered from other families are the things that pre-determine their relationships

The attitude of the present ruler of Bahrain, for example, towards the large Shia community in his country—strongly linked to Iranians of the same faith—will be coloured by a hereditary dislike handed down from his forefathers.

These community divisions have now been overlaid by a thick layer *of modern immigrants*, who have made the Arabians a minority in almost all the Gulf states and who are so *different from Arabians* of any type that they make the Arabians appear relatively homogenous. Other influences that have blurred the visible distinctions between communities have been oil-financed development and the bigger British presence in the Gulf states between World War II and 1971, which together created the trappings of modern government.

Yet beneath the surface the divisions are still there, and under any large or small stimulus they re-emerge. The presence of the Ayatollah in Iran has, this year, caused disturbances among the Shias in Bahrain and the Saudi Eastern Province

The crucial question for the West is how community divisions in Arabia could affect the security of the region. Where will loyalties ultimately lie if any modern regime starts to disintegrate in the style of Iran last winter? The answer is that the Gulf states would probably divide along community lines. What might follow would be that communities of central Arabian origin in the lower Gulf express their lack of confidence in the local ruler, turning instead to the dominant Saud family, many of whose members make no secret of their ambitions to bring the entire Gulf coast into their realms.

The growing authority of Saudi Arabia over the Gulf states has been one of the notable features of the last few years.

In the face of the disintegration of a Gulf state and its absorption into Saudi Arabia there is very little that the West could do, or should want to do. Although the Arabian rulers are all fundamentally pro-Western in their foreign policies outside the Middle East, and have *personal links* with Britain and the U.S., they have expressed profound disquiet following the events in Iran. *The possibility of U.S. military* intervention to protect oil supplies deeply worries them. They feel that intervention would be liable only to cause an eruption in other neighbouring states.

Internal security problems in the Gulf are tribal matters, which have to be solved in a tribal context and are not amenable to Western remedies.

Insurance ruling angers Kuwaitis

By Our Foreign Staff

KUWAIT has rejected the decision by leading Lloyd's underwriters to raise the war *risk premium from* 0.025 per cent to 0.05 per cent for journeys to the Gulf by ships of all flags.

Apprehension about the outcome of the U.S.-Iranian crisis is reflected in the rate of 0.1 per cent introduced for U.S. vessels.

Official Kuwaiti reaction was given by Mr. Abdul-Aziz Hussein, Minister of State for Cabinet Affairs, who said: "Such *attempts* to which foreign companies resort must be challenged." The Ministry of Commerce and the Chamber of Trade and Industry are to *discuss* counter-measures.

Extra cover is being asked if owners want to insure against "lock-in" risk in the event of a closure of the Strait of Hormuz.

Higher premiums have beeen introduced by a number of major brokers specialising in war risk but it has been left to underwriters to set rates individually.

Mary Frings reports from Bahrain: All non-essential U.S. embassy staff in Qatar were told to leave yesterday, and U.S. commercial companies were advised to send their families out of the area.

In Bahrain where there are about 1,500 U.S. citizens and families, the embassy was moving out non-essential staff and *families* but *has not* advised anyone else to leave. A warning was issued that all expatriates should keep a low profile during the Moslem period of Moharrem which comes to a climax today and tomorrow.

More Overseas News
Page 21

Toll of 257 feared in Antarctica crash

BY OUR WELLINGTON CORRESPONDENT

THE BURNT-OUT wreckage of an Air New Zealand DC-10 was found in the Antarctic yesterday but there were no reports of survivors from among the 257 people aboard. The airliner had been on a sightseeing flight.

Search headquarters in Auckland *said a U.S. aircraft sighted* the wreckage on the icy slopes of Mount Erebus, 11,300 feet, not far from New Zealand and U.S. Antarctic bases at Scott and McMurdo.

Within minutes of the sighting, rescue teams at McMurdo set out for the wreckage which was scattered over an area of more than 200 yards. The sighting was made three hours after Air New Zealand announced that the aircraft was lost.

A spokesman for New Zealand's civil aviation division said the authorities had no immediate plans to ground Air *New Zealand's other DC-10s.* The airline operates a fleet of Boeing 737 and Fokker Friendship aircraft for its internal services, and uses DC-8 and DC-10 series 30 aircraft on international routes.

Lynton McLain writes: The crash of the Air New Zealand DC-10 comes six months after the worst air disaster in the U.S. in which an American Airlines' DC-10 crashed on take-off from Chicago airport, killing 264 passengers and 12 crew.

It was established after the Chicago crash that the U.S. airline used engine maintenance procedures, McDonnell Douglas. The change in procedure was thought to have contributed to the crash.

No information is available about the cause of the crash in Antartica. But it would be surprising if prolems with one of the engines or their mountings caused the crash, since aircraft undergo relatively few *high stresses when* cruising at altitude compared with take-off or landing.

Despite a good safety record Air New Zealand was hit hard by the grounding of its DC-10 fleet after the Chicago accident and since then has invested heavily in an advertising campaign to reassure customers.

Saudis to widen oil outlets

By James Buchan in Riyadh

SAUDI ARABIA is to concentrate on outlets for its crude oil, other than the Gulf waterway, apparently in the light of increasing uncertainty about the security of the Strait of Hormuz. It is understood that there are plans to export as much as 6m barrels a day from terminals other than Ras *Tanura and Juaymah, north* of the strait.

Petromin, the state oil company, is already constructing a 48-inch crude pipeline from the Abqaiq processing centre in the oilfields to Yanbu on the Red Sea coast. The pipeline, which is to be completed in mi-1981, will have an initial throughput of 1.85m b/d. Capacity was to go up to 2.45m b/d in 1982.

But Sheikh Hisham Nazer, the Saudi Planning Minister, said at Yanbu recently that the line would carry 3m b/d. Hussein Linjawi, a director of the pipeline, has confirmed that capacity could be boosted to 3.5m b/d. That would be more than a third of Saudi Arabia's current production of 9.5m b/d.

Petromin is working out a fee structure for the line, and there have been suggestions that space in the expanded capacity might be sold to other Upper Gulf producers, particularly Kuwait.

Meanwhile, a long-standing proposal to construct a pipeline to an outlet to the seaward side of the strait has been revived, according to a Saudi official.

The official said that at a Foreign Ministers' conference, called in Taif in October to discuss Gulf security, Oman was invited to consider the revived project. The Omanis are said to have been in favour of a line to the east coast, rather than to the south, which might involve Saudi Arabia in the continuing problem of Dhofari dissidents.

Oil industry officials say that an area shaped like a a new pipeline would be Aramco's Retained Area Five, and area shaped like a triumphal arch in the Empty Quarter and by far the southern-most point at which Aramco has discovered oil in quantity.

Moi adds three Ministers to President's office

BY JOHN WORRALL IN NAIROBI

KENYA'S President, Mr. Daniel Arap Moi, yesterday announced a new Cabinet in which he retains only six Ministers in their previous jobs. But he has taken care to preserve the regional balance adopted by his predecessor, the late Jomo Kenyatta.

Mr. Moi has strengthened the President's office by appointing three Ministers of state and has taken defence under his wing by appointing the veteran Mr. James Gichuru, former Defence Minister, as one of the Ministers of State.

All the former Ministers who survived the recent general election have been given jobs, but some have been given new *portfolios.*

Finance stays with Mr. Mwai Kibaki, the Vice-President, and the Attorney-General is Mr. *Charles Njonjo.*

Mr. Moi has created several new ministries and divided old ones. A new Ministry of Energy has been created with Dr. Munyua Waiyaki, the former Foreign Minister, in charge. The Foreign Ministry has gone to Dr. Robert Ouko.

Agriculture has been split into two Ministries, Crops Production and Livestock Production.

A new Ministry of Industry has been created, with special responsibility for industrialisation, technology and market developments. Mr. E. P. *Mwamunga, former* Commerce and Industry Minister, has been put in charge.

Mr. Philip Leakey joins a *new Environment* Ministry as an Assistant Minister. Mr. Leakey is the first European to be elected to the Kenyan Parliament *since independence.*

In a surprise announcement, Mr. Moi said he had appointed Mr. Oginga Odinga, a former *Vice-President* who was detained by President Kenyatta, as chairman of the state-controlled Cotton Board.

Zaire seeks $300m Western aid

BY MARK WEBSTER IN BRUSSELS

ZAIRE is hoping for at least $300m in emergency aid, as well as balance-of-payments support from the *10* Western nations attending a two-day meeting in Brusels.

The meeting, which ends today, is the last in a series of three organised by the Belgian Government to see what can be done to help the crippled economy of the strategically important central African state.

The emergency aid, which would be in addition to a recently agreed International Monetary Fund loan of $150m, would cover three categories: humanitarian aid including food and drugs, fuel, which is the largest single item on the import bill, and raw materials and spare parts for the badly neglected manufacturing and transport sectors.

Additional help is required *from the Western* countries because, despite measures introduced after the last Brussels meeting in November, 1978, the economy is still in grave difficulty.

Zaire was reported to have agreed with the IMF on a level of external financing for its balance-of-payments deficit of $450m for the current financial year. But it has now become apparent that further support will be necessary.

If an agreement on short-term help is forthcoming from the Western nations, two further meetings will be held to consider Zaire's debt burden, which, according to Belgian officials, amounts to $4.6bn, in*cluding short-term commercial* debt and invisibles.

Congress votes for veto on FTC rulings

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. Congress has now moved further along the road of clipping the regulatory wings of the Federal Trade Commission.

On Tuesday the House of Representatives overwhelmingly voted in favour of subjecting any rulings issued by the FTC to a possible Congressional veto.

The House Bill also included new amendments that would prevent the agency from investigating anti-trust violations by agricultural co-operatives (thus posing a threat to a long-standing FTC suit against Sunkist Growers for allegedly monopolising western citrus markets) and from cancelling trademarks on the grounds that their use has become generic.

Only last week, the Senate Commerce Committee, similarly moved by an anti-bureaucratic fervour, approved additional curbs on the FTC—keeping it out of such disparate consumer-oriented fields as children's advertising on television and used car dealerships.

The Commerce Committee's Bill, however, does not contain any provision giving Congress veto power. On three previous occasions, the House has voted in favour of this, but has found the Senate unwilling to go along.

This year, however, sentiment in the Senate has shifted markedly, as the Commerce Committee's deliberations show. Such previously staunch defenders of protection for consumers through the force of Government regulation such as Senators Edward Kennedy, George McGovern and Birch Bayh are, for one reason or another, keeping low profiles these days. There are few votes to be won by acting as advocate for the Federal Government.

In fact, the architect of the veto proposal in the House, Congressman Elliott Levitas, a Georgia Democrat, expressed the prevailing political view when he said "the trend for more government and less control for the people is ended."

A prominent business lobby, the U.S. Chamber of Commerce, praised the House move to "reclaim the Congressional authority from the regulatory agencies and their unelected bureaucrats."

FTC curbs boost Formica, Page 34

Canada acts against Crown corporations

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government has moved to impose tighter controls on its 1978 Crown corporations.

An omnibus Bill has been introduced for first reading into the Commons by Mr. Perrin Batty, Minister of State for the Treasury Board. It will require Crown corporations to submit their capital and operating budgets to the Government for approval and continuing scrutiny.

The measure introduced yesterday is also designed to arrest unrestricted proliferation of Crown corporations and their subsidiaries by requiring both statutory authority and Cabinet approval of any future acquisitions.

Legislation, if passed in its present form, will apply to all wholly-owned Crown corporations, with the exception of six "cultural" agencies which will be exempt at least until the conclusion of an announced Parliamentary review.

Mr. Beatty was confident the legislation would correct "important deficiencies in the control, direction and accountability of Crown corporations."

The existing loose governmental control of such corporations has come under criticism in recent years from the Auditor-General, the Commons public accounts committee and a Royal Commission.

$470m profit for U.S. mail

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Postal Service recorded a profit of $470m in the year ending September 30, for the first time since the second world war.

Mr. William Bolger, the Postmaster General, who is the politically appointed head of the semi-independent government service, assured mail users this week that postage rates in effect since May, 1978, would stay unchanged until 1981.

But he tempered this good news by warning that rates would have to be raised at that date because of the loss the postal service is expected to make in the current fiscal year.

A $1.2bn deficit had been forecast for 1979-80, but "we intend to halve it to no more than $600m," Mr. Bolger said.

The Postmaster General put the service's unusual profit performance in the last year down to productivity increases. But his boast that the American postal service was the best of any nation in the word seemed at odds with the slow and erratic deliveries that Americans frequently experience.

The Postmaster General claimed public complaints were unfounded and merely reflected a discontent with "Big Government" in general.

Senators meet the car thief

WASHINGTON—A masked criminal showed fascinated senators how to steal a car this week, winning murmurs of admiration as he mastered what was supposed to be a thief-proof ignition system.

The demonstration in a heavily-guarded Senate room was to show how car theft has become a $4bn-a-year business in the U.S., dominated by skilled professionals, not joy-riding teenagers.

Senate staff investigators testified that one car is stolen every 32 seconds in the U.S., that nearly 1m U.S. motor vehicles were taken last year and that the rate of such thefts soared 13 per cent in the first six months of 1979.

"Today's auto thief is a magician with an acetylene torch," said Senator Charles Percy of Illinois.

"Within hours after the theft, the car is gone, chopped into parts which are on their way to repair shops all across the country."

The highlight of the day came when a man wearing a smartly tailored blue blazer and a grey wool ski mask went to the witness stand under the guard of five policemen.

Admiration

A clerk announced the man was serving a five-year sentence for car theft at an undisclosed prison and said that for his own safety, "this witness will be known as 'Mr. John Smith'."

Establishing his credentials, "Mr. Smith" declared: "I have personally stolen over 700 American-made cars in my life. At the time of my conviction, I could steal almost any American-made car in less than 90 seconds, and could steal most in 45 to 50 seconds."

Granting some grudging admiration to foreign-made cars, he added: "I have also stolen Porsches, Volkswagens and two Mercedes-Benz cars, each in under three minutes."

Workmen then wheeled in an assemblage of U.S.-made steering wheel and ignition systems mounted on huge wooden pallets.

Selling

Senators Percy, Sam Nunn of Georgia and William Cohen of Maine clustered around while "Mr. Smith" showed how, using home-made tools, he removed the locked ignitions "like popping corks out of wine bottles."

He took about three minutes to master the first one, apologising for the delay and explaining: "I'm out of practice."

"You did very well," Senator Percy reassured him.

Mr. Smith said he had earned hundreds of thousands of dollars a year by stealing cars.

Senate investigators said the big money was made by dismantling the stolen cars, removing identification numbers from the parts and selling them to legitimate garages at cut prices.

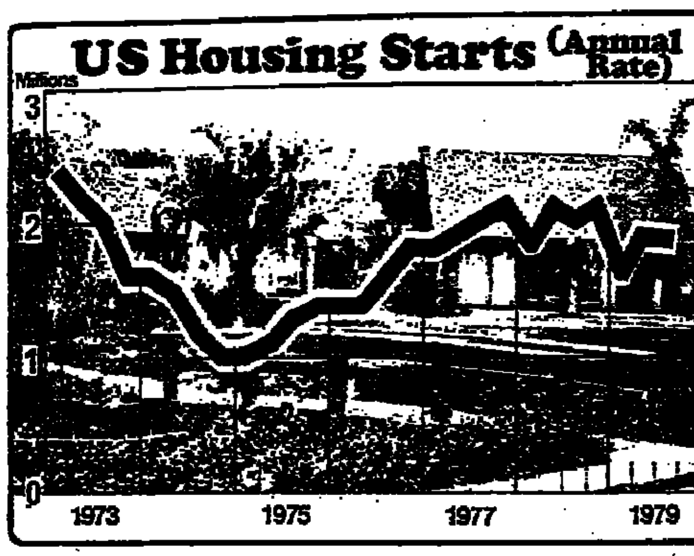
They said this operation, estimated to cost $3bn a year in insurance losses and $1bn in prosecution costs, is so lucrative they expect the Mafia to move in soon.

Reuter

Federal Reserve deflates the housing market

The disappearing inflation hedge

BY STEWART FLEMING IN NEW YORK



AN ENGLISHMAN'S home may be his castle, but to an American it is another way of trying to beat inflation. As in many countries hit by rising prices over the past three years, U.S. citizens have indulged in an unprecedented splurge in the housing market.

House prices have been rising at around 15 per cent a year and people owning one home have been raising billions of dollars for consumer purchases by borrowing against the increased value of their property. Many have been betting that real estate rather than shares will prove their best hedge against inflation, and they have either been buying the most expensive house they can afford or an extra house, just to be on the safe side.

This has been a worrying trend for those concerned with financing capital investment for industry. In the weeks since October 6, when the Federal Reserve Board announced a sharp tightening of monetary policy and a rise in interest rates to fight inflation, housing has looked increasingly likely to be one of the first casualties of the new policy.

Even before the Fed moved, rising interest rates were beginning to curb the supply of credit for housing. By last week the U.S. Commerce Department was reporting an 8 per cent dive in housing starts in the month following the Fed's abrupt moves. Permits for new starts slumped 15 per cent compared with September. And the department's chief economist added that the housing market had yet to see the full effect of the Fed's moves.

As if to drive the point home, an unprecedented $1.4bn net withdrawal of savings in October was reported by the Association of Mutual Savings Banks last Friday. This followed a $1bn drain in September.

In October there was better news from the savings and loans institutions, which had a net inflow of funds totalling $1bn compared with net withdrawals of $200m in September.

According to the president of the New York State Savings Association League, new mortgage credit from savings banks could virtually disappear during 1980.

In a score of states, part of the credit-supply problem is legislation preventing lenders charging more than 12 per cent for loans. The cost of attracting new savings through the popular six-month savings certificate is now higher than this. Across the country, therefore, new home loans appear not only to be more expensive than ever before—costing up to 14 per cent in some areas—but harder to come by too.

As far as demand for housing credit is concerned, consumers have grown reluctant to take on new commitments. Rates in most states do not vary over the life of a loan, so home buyers may hold back

Similarly, with commercial banks' prime rates still above 15 per cent and construction loans costing 18 to 20 per cent, house builders have a natural inclination to pull in their horns, and little incentive to build through the winter months in the hope that buyers will appear again with funds next spring.

These new conditions in the housing market are leading some economists to predict that once again the industry will be the "fall guy" for the economy. In the 1974-75 recession, new housing starts fell over 60 per cent from a rate of 2m a year in 1972. Last year starts were again at a 2m rate, and this year they have held up surprisingly strongly at around 1.7m new units.

This was so largely because new financing vehicles kept funds flowing even though rates were high and because inflation-conscious buyers stampeded to get into the market. Industry experts are now predicting that starts could slump again to 1m a year in 1980. The more optimistic view is that starts will fall to around 1.3m to 1.5m units.

The impact of such a slump will be much greater than is suggested by the mere 5 per cent of gross national product that sales of new housing represent. It will affect the furnishing and consumer goods industries and will for the first time in the 1970s coincide with (rather than lead) a general slowdown in consumer spending, as is already apparent in the car market.

The effects of these abrupt changes in the housing market are likely to be far-reaching. Last month President Carter told trade unionists in the building industry he would not fight inflation with contruction industry jobs. It is a promise he will find hard to deliver, and which some say was rashly made. In election year both workers and consumers may register their dissatisfaction through the ballot box.

The housing boom of the past three years has already begun to change the structure of the financial institutions involved in the industry. National franchising networks of real estate firms have flourished. Even stockbrokers such as Merrill Lynch and airlines like TWA are moving into the broking business. Meanwhile anti-trust authorities in 14 states are investigating the allegedly fixed commissions charged by real estate brokers. This follows criticism that their 6 per cent commission has become a licence to print money as inflation has sent house prices soaring.

Competition is also intensifying between commercial banks, which earlier in the 1970s played a relatively minor role in the housing market in many states, and the traditional lenders, the savings and loan associations and mutual savings banks, with combined assets of $700bn.

Many savings banks are struggling with loans made at fixed rates of 6 to 8 per cent, much lower than today. Savings banks in the north east in particular are slumping into losses, raising fears about their solvency as well as their liquidity.

Congress is struggling with legislation to reform the regulations which have protected the "thrift" industry from commercial bank competitors.

Historically, savings banks have been protected from commercial bank competition by regulations allowing them to pay higher interest rates on deposits. In return, they were not allowed to offer fully-fledged current accounts. Now, however, these distinctions could be abolished and interest rate differentials eliminated if reform legislation, urged by President Carter, passes through Congress.

Some savings and loan associations have been given permission to raise funds in the Eurodollar market. Other innovations include the floating of bonds backed by home loans on the New York bond market.

The net effect of all these housing market developments is that mortgage credit will be more expensive when the next housing revival occurs, but perhaps more readily available. Nobody doubts that the demand will be there, for apart from hedge buying against inflation, new household formation is expected to continue to run around the 2m mark because of the post-war baby boom.

The most disturbing implication of the present developing squeeze is that it is only holding back demand which will burst out later. It is a prospect holding out the real danger that housing will again be an engine of U.S. inflation in the next economic upswing.

Decisive talks begin on Chrysler lifeline

BY IAN HARGREAVES IN NEW YORK

IT HAS BEEN 28 days since the Carter Administration published its Bill to pump $1.5bn in loan guarantees into a deflated Chrysler Corporation.

Today the Senate Banking Committee will start "marking up" its Chrysler Bill and by the time that process is complete—it could take several days—it will be clear whether Chrysler is indeed to be fixed up with a life support system which will preserve it more or less intact, at least beyond next year's presidential elections.

But as the 15 Senators on the committee assemble for the haggling process—which typifies the drafting process of a controversial Bill—they will be looking back on 28 days which have not exactly strengthened the Chrysler case.

Among the negative developments for Chrysler in that period have been:

● Chrysler's share of the U.S. car market has been running at around 8 per cent, compared with the 10.2 per cent assumed in Chrysler's submission to the Government and against the 11.6 per cent Chrysler forecasts for 1982.

● Car sales in general have slumped by more than 20 per cent compared with the same period last year. Chrysler's own sales were down 37 per cent in October and the company has cut its forecast of the total U.S. car market next year by 11 per cent. Even Ford and GM lost money in the U.S. last quarter.

● Chrysler reported a $461m loss in the third quarter.

● The company's 33 per cent three-year pay contract with the United Auto Workers' Union came under fire from the Government's Prices and Wage Council for exceeding Government restraint guidelines.

● Chrysler reported that almost 300 of its dealers had gone bankrupt in the past three months, reflecting problems caused by high interest rates in the U.S.

● The Business Roundtable, a forum of top U.S. executives, took the unusual step of issuing a formal statement opposing Chrysler's request for aid.

This tide of gloomy news has provided almost a daily darkening of the backcloth against which the Senate committee has held its hearings. And in the testimonies the committee has heard, nothing has been done to dissuade anti-Chrysler Senators from their view that the Government is being asked to take a giant leap in the dark in bailing out Chrysler.

Probably the most critical testimony came from the banks. Mr. Walter Wriston, chairman of Citicorp, emerged publicly for the first time in full-scale opposition to the wisdom of the rescue and even Manufacturers Hanover Trust, Chrysler's lead bank, and up to now most valuable ally in the banking world, made it clear that it was not prepared to lend further unsecured money to the motor company.

"We don't lend money in circumstances in which we don't expect to be repaid and that is where Chrysler Corporation is," said Mr. John McGillicuddy, the bank's chairman.

Senator William Proxmire, Democratic chairman of the committee, said this provided "devastating evidence" against the rescue.

For all that, Senator Proxmire expects the Senate to come up with a Bill, but it is certain to be heavily hedged, perhaps impossibly so, and even then a tough fight is expected in the full Senate vote.

So far, two major caveats for the Bill seem to have emerged: that Chrysler workers, among the best paid in U.S. industry, should accept a wages freeze for three years and that the banks and others with a stake in the company should come in with more funds, possibly in the form of equity participation.

There is also certain to be some bargaining over the actual figures involved, with one committee member already determined to reduce Treasury guarantees to $1bn.

The prospects for either the union or the banks responding to tough clauses of this kind are not bright. The banks have slowly made their position clearer in the past few weeks, but the full extent of their division and the strong opposition of many to injecting further funds at almost any price continues to be stated chiefly in private.

The car workers union has said it will not renegotiate its pay contract, but has said it will consider other ways to help the company, possibly by employee stock participation.

Chrysler's strongest backers in Washington now concede that the company has "an uphill battle." Even Senator Richard Lugar, whose Indiana constituency contains the second largest Chrysler plant in the country, is backing the hardline in the committee.

It is virtually certain that the banks will refuse to step forward with a firm position one way or the other until they see the colour of Congress's money. From the political point of view, of course, there remain powerful reasons for not wishing to jeopardise tens of thousands of jobs or to widen further the U.S. car market to importers, who are currently taking a record 22 per cent of the business.

D-mark key to EMS success

By David Buchan in Washington

THE SMOOTH working of the European Monetary System can be assured "only if the dollar is stabilised against the Deutsche Mark as a consequence of U.S. domestic policies that restrain American inflation," according to a new Congressional study.

The report, prepared for Congress' Joint Economic Committee, pinpoints the dollar-D-mark relationship as key to EMS success, and notes that it was the fall of the U.S. currency against the German which sparked the Bonn Government's interest in creating the system this March and was the main cause of the EMS' first parity realignment this summer.

The study considers it axiomatic the EMS deserves U.S. support as furthering the cause of Europe's political integration—a view also held by the Carter Administration.

The study notes that Europeans would like the U.S. or the Federal Reserve Board, to continue its new tight money policy "to whatever degree be required to stabilise the dollar." But it warns of the domestic political factors against this.

WORLD TRADE NEWS

EEC eases Comecon stand

MOSCOW — Negotiators for the European Economic Community have offered new compromise proposals to the Comecon bloc aimed at signing an agreement on co-operation between the two economic groups, officials close to the talks reported yesterday.

Details of the compromise offer were not available, but they were believed to involve wording providing for a greater recognition by the Common Market of Comecon's role as a trading organisation.

In six years of negotiations with the 10-member Comecon bloc, the Common Market has maintained that the two bodies were not essentially the same. Brussels has claimed that, while the EEC negotiates trade accords on behalf of its members, the Communist Comecon powers yield no sovereignty to their central organisation, which is a consultative rather than trading body.

In negotiations in Brussels in November, Common Market negotiators—in an earlier compromise—agreed that trade relations could be mentioned in a preamble to a document on co-operation.

But Comecon has held out for specific references to a need for most-favoured-nation treatment in trade between the two blocs and to the possible provision of credits.

The 10-member European delegation is headed by Mr. Wilhelm Haferkamp of the European Commission, who held meetings with Mr. Nikolai Faddeyou, the Comecon secretary.

Comecon, which embraces Cuba, Mongolia, Vietnam and all East European countries, with the exception of Albania and Yugoslavia, wants a trade deal with the Common Market but does not want to recognise the competence of the EEC Commission to sign agreements for its nine member states.

● Taiwan has announced relaxation of its trade restrictions with Communist countries by waiving a ban on raw materials from Eastern Europe.

Mr. S. K. Shao, the Board of Foreign Trade's director-general, told Parliament that certificates of origin would no longer be required for imports of industrial raw materials. Agencies

Kawasaki and MBB in helicopter venture

By Roger Boyes in Bonn

MESSERSCHMITT - Boelkow-Blohm (MBB), the West German aerospace concern, has decided to go ahead with the joint production and marketing of a new medium-sized helicopter with Kawasaki Heavy Industries of Japan.

So far the BK-117, which has up to 12 seats, has been at the prototype stage but a production line of between 700 and 1,000 during the 1980s has now been decided. The helicopter will broaden considerably MBB's commercial range and it is hoped that the Japanese connection will not only keep production costs down but also provide access to new markets.

The Japanese are to construct, among other things, the fuselage while MBB will produce the steering system and the rotor blades.

The project has been backed by the West German Economics Ministry and the Japanese Ministry for Trade and Industry.

Three prototypes have already been built of the new helicopter which fills the gap in the MBB programme between its small six-seater, the BO 125CBS, at the one end and the military helicopter and 2-tonne multi-purpose B105 at the other end of the scale.

Iran move to boost trade

BY ANDREW WHITLEY

IRAN has notified the Westminster Chamber of Commerce, one of the largest British organisations involved in the once highly lucrative trade, that it would welcome the growth of bilateral trade again, provided ways can be found around the present block on dollar payments.

The embattled Middle East oil producer announced yesterday it had converted all dollar denominated letters of credit into major European and Asian currencies, including the Deutsche Mark, sterling and the yen.

Mr. Morteza Movahedi, managing director of Iran's Foreign Trading Company, was reported by the official Pars news agency as saying the changeover was intended to help exporters ship goods to Iran without problems.

Uncertainties surrounding the U.S.-ordered freeze on Iranian financial holdings in U.S. banks and fears created by reports that Iran may not honour its foreign debts have slowed down normal trade and provoked a flurry of legal action around the world.

However, Iranian anxiety to maintain normal trade was underlined by the telex received yesterday by the Westminster Chamber in London from the Tehran Chamber of Commerce, Industries and Mines, a Government-sponsored body. It was believed to be the first direct contact of its sort since the start of the present crisis nearly a month ago.

The Tehran Chamber assured British exporters that the Central Bank of Iran "is able to convert all contracts made in dollars to one of the other international currencies."

It proposed that, by mutual agreement, opened, but unutilised, letters of credit could be altered immediately; but did not indicate how the financial losses involved in switching out of dollar payments, which represented the bulk of Iranian trade, could be made up.

Reports from Tehran say an immediate effect of the cessation of Iran's international trade in dollars has been a slump in the flourishing free market in foreign exchange. The value of the U.S. currency is said to have fallen 15 per cent from its peak level of 120 Rials to the dollar, but remains 50 per cent above the long outdated official rate of 70.6 Rials.

Yugoslavia considers BAC 1-11 purchase

Financial Times Reporter

THE VISIT of a team of top ranking Yugoslav Government representatives to the British Aerospace factory in Bournemouth yesterday, could result in an order worth over £60m for BAC 1-11 jet aircraft.

Yugoslavia is interested in several aircraft in the British Aerospace stable and will be visiting other factories. There are hopes of a collaborative deal similar to the one with Romania, which produced a multi-million pound contract involving more than 90 BAC 1-11s.

The Yugoslav's are believed to be interested in up to ten 475 and 500 series aircraft. and are also interested in buying five British Aerospace 748s.

● The British Ministry of Defence has awarded a C$5m contract to Bombardier of Montreal for 1,300 motor-cycles for the British armed forces, including replacement parts, Robert Gibbens writes from Montreal. The order is expected to be completed by next October and is a follow-up on a contract for 880 motor cycles delivered late last year.

Marubeni wins smelter bid

BY DANIEL NELSON IN MANILA

A CONSORTIUM led by Marubeni of Japan is to build a $250m (£115m) copper smelter in the Philippines, it was announced in Manila yesterday.

The terms of the agreement specify that construction must be completed within 36 months of the signing, which is expected to take place in mid-December.

Marubeni agreed to 100 per cent financing with a maturity period of 15½ years, which puts the money outside the borrowing scope of the ceiling imposed on the Philippines by the International Monetary Fund.

A statement by Mr. Roberto Ongpin, the Minister of Industry, said Marubeni had also agreed to a package of guarantees covering engineering and mechanical performance, and time scheduling. Provision has been made for contingency and construction cost escalation. Interest is fixed at 8 per cent a year.

The statement noted that, because of movements of the dollar against the Yen, the $28m difference between the Marubeni offer and that of the nearest competitor had risen to $59m.

Plant capacity will be 110,000 metric tons of refined copper a year and 28,000 metric tons of blister.

Members of the Marubeni consortium are Mitsui Mining and Smelting Mesco, and Furukawa.

£75m UK scrap steelexports

BY RAY PERMAN, SCOTTISH CORRESPONDENT

BRITISH scrap processors will export up to £75m in steel this year, with an increase in shipments following the six month period of relaxation of controls, which started in September.

Mr. John Smith, president designate of the British Scrap Federation, said yesterday that companies were having to sell abroad to make up for the fall in demand for scrap in the home market.

"If the export controls had not been lifted, we would have been in serious trouble indeed, since demand in the domestic market is lo wand prices have fallen since their peak in the middle of the year."

The British scrap industry expected to export some 1.1m tonnes this year, half to countries inside the EEC and most of the rest to other European states outside the Community. This will be 500,000 tonnes less than in 1978, when there was also a period of relaxation in export controls.

However, the higher average price this year and the greater proportion of high-quality scrap now being exported means that the value will be around £20m more than last year.

Demand for scrap in the UK has fallen, largely following the drop in production of steel and the tight cost controls being imposed by the British Steel Corporation. This was causing problems for scrap processors, Mr. Smith said.

Plea for improved air traffic control

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN MANILA

THE WORLD'S airlines are to urge governments to take urgent measures to improve air traffic control procedures worldwide but especially in Western Europe so as to reduce the heavy delays that are now becoming almost a regular feature of air travel.

Mr. Adam Thomson, chairman of British Caledonian Airways, told the annual meeting of International Air Transport Association (IATA) here that airlines collectively were now losing millions of pounds annually and wasting valuable fuel resources because of the long delays resulting from over-saturation of existing air traffic control systems.

British Caledonian alone had lost some £2m in revenue last year because of air traffic hold-ups throughout Western Europe, and for the industry as a whole this figure could be multiplied several times.

"This year I am sure many people have given up their plans to fly on holiday because of their bad experiences in the past caused by interminable delays in airport terminals or sitting in aircraft waiting for an air traffic slot," Mr. Thomson said.

As a result of these holdups there had also been an erosion of the normally friendly co-operation between air traffic controllers and pilots. Long flights were now becoming a game of chess between controllers and pilots with pilots filing a flight plan and then changing it in the air in an effort to "break the system."

Mr. Thomson said the problem could only be solved by governments because any improvements in air traffic control meant dealing with the sovereignty of air space, including the extensive amounts of air space reserved by many countries for military activities.

Mr. Knut Hammarskjold, IATA's Director General, said the organisation would like to see air traffic control systems being re-organised on a regional basis instead of on a country-by-country basis. This is regarded as the only way in which the current problems of over-saturation, fragmentation and, in some countries, lack of adequate investment in suitable systems can be overcome.

"The best system plans in the world are useless until they are implemented in a systematic and well-co-ordinated way and until the management of the system is on a total regional basis," said Mr. Hammarskjold.

BANK OF CHINA

Expanding role in world finance

BY COLINA MACDOUGALL

IN A year which has seen China's first Eurocurrency borrowing, acceptance of UN aid and buyers' credits, the London branch of the Bank of China is celebrating 50 years of business in the City.

It is symptomatic of its new flexibility that it is emphasising its continuity since 1929. The London branch has been going the full 50 years — despite the change of governments in Peking in 1949, it never closed its doors for business.

With an estimated $13bn signed in government credits and about $8bn in commercial bank loans, China now takes up about one seventh of government credits available worldwide and ten to 15 per cent of the Eurocurrency market, the semi official Washington-based China Business Review calculates.

Little further Eurocurrency borrowing is expected, though some is currently under discussion with West German banks. The Chinese have now turned their attention to the possibility of getting soft loans — notably the $5.5bn amount they requested from Japan. Next may come borrowing from the World Bank, the IMF, and the Asian Development Bank.

This year the bank has broken other new ground, as a lender, though the amounts so far are small. In Hong Kong during the spring it joined the Bank of Montreal, the Bank of Tokyo and others in a $42m syndicated loan to build an office block. Early this month, along with the Hong Kong and Shanghai Bank and Chase Manhattan Asia, it became one of three lead managers in a $100m loan for the China Cement Company to build a plant in the new territories. But lending, the Chinese say, will be confined to Hong Kong.

What will the bank do next? U.S. reports say that Chinese bankers have recently solicited advice on lending by American insurance companies. The advantages to Peking are the long maturities and fixed interest rates they offer. Alternatively, the Chinese could issue bonds, either "Yankee bonds" — dollar-denominated bonds sold by foreigners in U.S. markets—or Eurobonds.

The Bank of China has no advisory role in plant purchase, and indeed is not equipped for such a role since it has no technical experts. Nor does it play a part in evaluating the financial aspects of a deal which a Chinese Ministry or state trading corporation may be contemplating.

Though the bank will be involved in compensation trade, attracting investment into China under the new joint venture scheme will be carried out by new and separate organisations, such as the Foreign Investment Control Commission and China International Trust and Investment Corporation, both set up in mid-1979.

Nevertheless the vast expansion of China's overseas trade has been reflected in the Bank of China's expansion too. The staff of the City of London branch have grown from 150 to 200 in the last year, a new branch with a staff of about 20 in Luxembourg opened in June, and one each is scheduled for New York and Tokyo. A representative of this is to open in Paris. Both the Luxembourg and the New York offices will be concerned with money market operations. Trade financing is currently handled by correspondent banks in Europe and the U.S.

Retail banking has also been cautiously increased this year. The Bank of China already has a huge role in this field in Hong Kong, but it is new to it in Britain. In London it opened a branch in Shaftesbury Avenue last year to tap the Soho Chinese community, and earlier this month opened up in Manchester to cater for Chinese in the North. The object is mainly to channel remittances back to relatives in China.

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£1,450 for Salvation Army set

AN AUCTION record for a set of lead "soldiers" was established at Phillip's yesterday when 25 Salvation Army figures, made by Britain in the 1930s, sold for £1,450 to a New York private collector.

When originally marketed the set was priced at 5s. In the same sale a curate, also by Britain, realised £80, a record price for a single lead figure. A Britain's roundabout with six riders made £500 and a figure of a village idiot from the English village series, £55.

At Christie's, a Charles II silver gilt porringer and cover of 1670 sold for £48,000, well over double its forecast, in an English silver sale which totalled £513,080. The buyer was How of Edinburgh.

SALEROOM

BY ANTONY THORNCROFT

A pair of Charles II covered vases by Thomas Jenkins, dated 1663, made £26,000 and Koopman bought a set of four two-handled bowls and stands by S. Herbert, 1751, for £16,000. A gold spoon of 1685 was bought by How for £15,000, well above estimate.

An antiquities sale brought £249,467. The top lot, a Mesopotamian relief, failed to sell, but a Roman bronze of Dionysus, of around 100 AD, sold for £14,000 and a Roman bronze statue of about 200 BC went for £7,000.

Sotheby's held major sales in London, Monte Carlo and Hong Kong.

Another record price was the £80,000 for Saint Sebastian and the Angel by Gustave Moreau. Femme Etendant du Linge, by Millet, sold for £68,000 and Carding Flax, also by Millet, for £46,000.

In Monte Carlo, silver realised £1,302,169, with items from the Cartier collection totalling £539,944.

Small airline may be first to fly 'feeder'

BY LYNTON McLAIN

THE FIRST contracts for orders for the British Aerospace 146 feeder airliner are expected to be signed by the middle of next year at the latest, the company said yesterday.

The £250m project has been under way for six years, but until yesterday without a glimmer of an order for the 88-102 seat £5m aircraft.

The State-owned corporation, in which the Government intends to sell shares to the private investor under a Bill now before Parliament has talked with 150 potential airline customers operating short routes.

Aurigny Air Services, which operates flights to the Channel Islands, said yesterday that it intends to buy at least one. It started talks with the corporation seven weeks ago and wants to take options on another two 146s.

British Aerospace said yesterday that a number of other airlines are likely to sign letters of intent to buy the airliner "in the not too distant future."

Aurigny said a decision to go ahead with its plans depended on winning operating licences with effect from next April. Now using seven Trislanders, two Islanders and one Otter aircraft, it has applied to the Civil Aviation Authority to take over some of the 26 domestic routes to be abandoned by British Airways.

Aurigny wants to take over services between Guernsey and London and Manchester, and to do so has formed a joint company with Alidair.

The new company, Guernsey Airlines, will present its takeover case at public hearings starting on Tuesday.

Mr. Andrzej Olszowski, chairman of Aurigny, said yesterday that the proposed routes would not totally support investment in a 146, but he planned to operate it on other charter services, particularly in off-peak months.

Aurigny retained profits of £370,000 last year from a turnover of £1.7m. A turnover of £2.3m is expected in the current financial year.

The company wants British Aerospace to share the cost of providing engineering back-up and spare parts.

Chemicals award for FT writer

SUE CAMERON, Financial Times chemicals correspondent, has won the Chemical Writers Award, sponsored by BASF, the German-based chemicals group.

Ms Cameron was presented with a cheque for £1,000 by Baroness Phillips, Lord Lieutenant of Greater London, at a reception in the Cafe Royal, London.

The award was made for her article on "Chemical Industry Counts the Huge Cost of Safety," published on June 20 this year. The judges said the article best met the requirements of the competition to have contributed most to readers' awareness and undersanding of the chemical industry and its benefits to industry in general.

AA pick best camp site

BRITAIN'S caravan and camping site of the year is a Cornish family business, says the AA's new guide "Trail" magazine.

The Seaview International Park at Boswinger, near St. Austell, is described as an exceptionally well-run clean site on the unspoilt Cornish Coast, surrounded by National Trust headlands overlooking the sea on the Roseland peninsula.

Lotus cut brings three-day working

By Kenneth Gooding, Motor Industry Correspondent

GROUP LOTUS, the sports car manufacturing group, has cut production of cars for the U.S. market. As a result about half of the 700 employees at the Norwich plant are working a three-day week.

To avoid lay-offs and the possibility of losing some skilled people, Group Lotus is receiving help under the temporary short-time working compensation scheme introduced by the Labour Government and still operating.

Payroll

Under the scheme the company is getting State aid towards part of its payroll for one month.

The decision to slow down production for the U.S. follows a change of marketing arrangements there. Rolls-Royce Motors is now responsible for the marketing and distribution of Lotus cars in the U.S., but it will take some time to complete the disengagement from Lotus's four distributors and around 45 dealers who previously handled the marque.

Output

Last year Lotus sold 240 cars in the U.S. out of a total production of 1,100. It expects the U.S. to take roughly one-third of its output every year.

The company expects production for the U.S. to get back to normal in January. Other parts of the business, such as design and engineering, are working at full stretch.

Burmah seeks more partners

BY RAY DAFTER, ENERGY EDITOR

BURMAH OIL is forming new oil exploration groups to bid for offshore concessions under the seventh round of UK licences to be announced shortly.

The company already heads the Burmah Neptune group which, with British National Oil Corporation, is awaiting ratification of an award under the sixth round of licensing.

It is understood that Burmah has been seeking more UK investors to enhance its prospects of gaining concessions in the next round. The oil industry generally feels that the Government will favour bidders with a high proportion of UK representation, particularly since BNOC has lost the automatic right to a 51 per cent interest in each block it had in the sixth round.

The Burmah Neptune-BNOC group which has been conditionally awarded block 20/2, 50 miles to the north-east of Peterhead, consists of Burmah Oil Exploration (11.025 per cent); Charterhouse Petroleum (9.8 per cent); Petroswede (9.8 per cent); Canadian Industrial Gas and Oil (Norcen) (7.35 per cent); Dutch State Mines (6.125 per cent); Norsk Hydro (4.9 per cent); and BNOC (51 per cent). BNOC has been designated the operator for the group.

Burmah, however, is anxious to become operator of a successful seventh round licence. Having been forced to sell off some of its most promising assets in the Thistle and Ninian fields during its financial crisis a few years ago, the Burmah exploration team is now attempting to rebuild its North Sea presence.

As with other UK-based independent companies, it has been given some positive signals from the Government. Mr. David Howell, Energy Secretary, has said that he hopes hopes that British independent oil companies will play a full part in further exploration activity.

In response to such signals, a number of international drilling groups have strengthened their British interests in the hope of enhancing their chance of obtaining a seventh round block.

It seems that the Government will issue fewer blocks than many had hoped—between 50 and 100—so competition will be brisk. It is expected that a high percentage of the offered blocks will contain attractive exploration acreage.

● AN ABERDEEN company has won a major North Sea engineering contract worth £6m from Shell UK Exploration and Production.

John Wood Group Engineering was awarded the work, the largest single offshore engineering contract won so far by a North-East Scotland company, against national and international competition.

The one-year contract includes construction work on production platforms in the East Shetland basin operated by the Shell-Esso North Sea partnership.

Ignore U.S. on Ireland says O'Brien

By Maurice Samuelson

IRISH AMERICANS who urge Britain to leave Northern Ireland "do not know what they are talking about," Dr. Conor Cruise O'Brien, a Minister in the last Dublin Government and editor-in-chief of the Observer, said in London last night.

Dr. O'Brien has had a series of sharp exchanges with Irish American politicians. Recalling that Mr. Tip O'Neil, Speaker of the U.S. House of Representatives, had recently described him as "a silly senile son-of-a-bitch," he said: "The Speaker is five years older than I am."

Dr. O'Brien, giving the annual Churchill Lecture of the English Speaking Union, said those most endangered by encouragement of the IRA and the drift towards civil war were the people of all Ireland, both Catholics and Protestants.

British Chemicals face threat from wine lakes

BY SUE CAMERON, CHEMICALS CORRESPONDENT

PROPOSALS to flood Europe's synthetic alcohol market with the liquors of the Common Market's wine lakes raise a series of disturbing questions for the UK.

BP Chemicals will undoubtedly be hardest hit if the European Economic Community's draft regulation 8(3) on alcohol gets through in its present form. But other British chemical companies would also be adversely affected, and overall there would be serious implications for the UK's balance of payments.

The BP Chemicals plant at Baglan Bay has a capacity of 155,000 tonnes and it is a modern one, completed only six years ago. But the two Grangemouth plants are old and inefficient, and the company has decdied to build a new one on the site at a cost of £57m. Work on the 100,000 tonnes a year plant has already started.

But if regulation 8(3) on EEC alcohol goes through, BP Chemicals could be forced to halt the Grangemouth project. It is hard to see how the company could do anything but reconsider the building of the new plant if it suddenly finds 100,000 tonnes or more of cut-price, subsidised ethanol coming into a market where supply and demand are already evenly balanced.

The plan could prove to be an excellent way of mitigating Europe's problems with wine lakes. But what it will mean effectively is that surplus agricultural produce will be dumped in the industrial sector—in Europe's own industrial sector, not someone else's.

The draft regulation—one of a number on alcohol—also highlights the whole issue of dumping. It would seem that what the EEC is proposing is to dump its excess agricultural alcohol in its own backyard. Such a precedent could have far-reaching consequences — not just for the chemical industry.

Fermentation alcohol—known within the EEC as agricultural alcohol—can be made from potatoes, sugar beet, cereals and fruit as well as from wine. Its chemical name is ethyl alcohol or ethanol, and it can be made far more economically from petro-chemicals than from the grape or the potato.

Up to now Europe has reserved a special sector of the market for sales of this expensive agricultural alcohol, currently priced at £1,250 a tonne. The reserved sector covers ethanol used in the making of drinks, such as gin, pharmaceuticals, vinegar and cosmetics. In volume terms it is 4.4m hectolitres a year — about 350,000 tonnes.

Producers of the cheaper, synthetic alcohol—made from petro-chemicals and priced at around £350 a tonne—are not allowed to sell in this reserved sector of the market. They operate in Europe's free ethanol market, which has a volume of 5m hl a year—some 400,000 tonnes. Ethanol sold on the free market is used for industrial applications, notably in the making of industrial solvents.

What the EEC draft regulation is proposing is that agricultural alcohol producers should make another 1.25 hl a year—about 100,000 tonnes. The EEC would subsidise this extra 100,000 tonnes so that it could undercut the prices being charged by synthetic alcohol producers in their free market.

Civil servants in the European Commission estimate that the subsidies for 100,000 tonnes of agricultural alcohol would cost £22m a year or 34.8m units of account. But there would be no cut-off point for subsidies in terms of production — in a good wine year the EEC would subsidise 150,000 tonnes or perhaps 200,000 tonnes of agricultural alcohol.

Prices in the reserved sector itself are already subsidised to an extent and these subsidies would continue. The total estimated cost of implementing all the proposed EEC regulations on alcohol is £85m or 132m units of account. This would cover all subsidies and administrative costs as well.

The plan could prove to be an excellent way of mitigating Europe's problems with wine lakes. But what it will mean effectively is that surplus agricultural produce will be dumped in the industrial sector —in Europe's own industrial sector, not someone else's

The consequences for producers of synthetic alcohol will be severe to say the least. BP Chemicals is the world's biggest producer of synthetic alcohol, with plants at Baglan Bay in South Wales and Grangemouth in Scotland. The other two main European producers are Sodes in France and Veba-Chemie in Germany, but BP Chemicals has roughly half the European market. The company is also a major exporter of synthetic alcohol outside the EEC.

If BP Chemicals did abandon the new plant at Grangemouth, the logical next step would be for it to pull out of the alcohol market altogether. There would be no point in keeping the two old Grangemouth plants in operation because of their age and inefficiency, and the company would find itself in a position where its production capacity had been cut dramatically. It would therefore be even less able to compete against cut-price agricultural alcohol.

There seems to be a real chance that BP Chemicals could have little choice but to withdraw from the market altogether—yet this would wreck its present strategies. Last year the company spent £250m ($450m) buying chemical businesses from Monsanto and Union Carbide. One of the main reasons for this was to ensure that it had outlets for its ethylene production.

Ethylene, the so-called building block of the chemical industry, is made from the oil-based naphtha or from the gas ethane—both of which can be obtained from the North Sea. BP Chemicals uses a large amount of its ethylene to make ethanol. If it pulled out of the ethanol market, it would find itself with virtually the same difficulties in finding outlets for its ethylene production as it had before the Monsanto and Union Carbide deals last year.

The EEC draft regulation would therefore bite deeply into the company's profits if it went through. It would also be likely to harm BP Chemicals' ethanol customers in the longer term.

They would benefit from the subsidised low prices of EEC agricultural alcohol in the short term, but if BP withdrew from the ethanol market they could find their supplies endangered. What is more, prices for ethanol would probably then start to rise again.

It is estimated that the total damage to Britain's balance of payments could be as high as £40m a year—the UK itself does not have a wine lake and would not benefit from the regulation. At the very minimum the cost would be around £15m a year. And BP Chemicals could be ruined into the bargain.

Last week the Chemical Industries Association led a delegation to Sir Keith Joseph, the Industry Secretary, to point out the potential evils to Briain of the EEC proposal.

Napoleon threatens historic houses

BY MAURICE SAMUELSON

NAPOLEON BONAPARTE still strikes terror into the hearts of some of Britain's oldest families, judging by warnings heard at yesterday's annual meeting of the Historic Houses Association.

It stems from the possibility of Britain's tax laws being harmonised with those in Europe and the introduction of arrangements based on the Code Napoleon.

The tax is known as an "accessions tax" which Mr. George Howard, president of the association, believes could be introduced if the Government decides to replace the present Capital Transfer Tax.

That would be a "back door move towards imposition of the Code Napoleon in this country," he told the association's annual general meeting held at the Royal Festival Hall.

Its introduction here would result in the break-up of historic houses and their contents, with everything having to be shared out among all those entitled to inherit, he said.

The association, representing more than 800 of Britain's finest historic properties, is a natural constituency for pro-Conservative sentiments. However, both Mr. Howard and the guest speaker, Tory MP Patrick Cormack, urged members to beware of making politics out of the national heritage, since any sectional concessions which they extracted from the Tories would probably be snatched back by a future Labour government.

Stressing the need for continued public assistance for maintaining listed buildings, Mr. Howard, who owns Castle Howard, in Yorkshire, was particularly worried that Conservative belief in "market forces" could hurt many fine large houses, particularly those which were not of supreme importance.

Mr. Cormack, foreseeing a danger that many houses might have to "put up the shutters" by the turn of the century, stressed the importance of the £12.5m National Heritage Fund due to be discussed in Parliament next week.

Food to rise 20% say manufacturers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FOOD PRICES could rise by 20 per cent in the coming year, the Food Manufacturers' Federation said yesterday.

Mr. Derrick Hornby, the Federation's president, said substantial price rises were inevitable because of the continuing cost pressures on food manufacturers.

These included the price of raw materials—particularly as a result of the European Economic Community's Common Agricultural Policy—and sharply rising packaging costs. Food manufacturers also face large wage claims in coming months.

Mr. Hornby added that interest rates of 18 to 20 per cent would add to cost pressures.

But he made clear that the 20 per cent rise in food prices he expected in the next 12 months would cover only these cost increases; they would not allow any major improvement in manufacturers' profitability.

"If we do not make adequate profits, we cannot invest in our industry. There will just not be enough in the kitty to replace worn-out machinery and innovate."

Food price inflation is about 12 per cent, compared with the overall inflation rate of 17 per cent. This is largely because most foods do not carry Value Added Tax, which was recently increased.

Mr. Hornby criticised the farmers call for a further devaluation of the "Green Pound." This would only lead to higher food prices. "If farmers keep putting their prices up, then consumption will continue to go down."

Mr. Hornby, who is divisional managing director of Spillers, which was recently taken over by Dalgety, is due to retire at the end of the year after three years as the federation's president.

His successor will be Mr. James Cleminson, the chairman and chief executive of Reckitt and Colman.

King advises on council cuts

FINANCIAL TIMES REPORTER

MR. TOM KING, Local Government Minister yesterday gave local authorities a few tips on how to save money.

Addressing a London seminar of the Institute of Management Services, he told local government executives to encourage your authorities to look at the whole operation in a much more radical, objective and constructive way.

"I am not laying down the law on what local authorities should do. It is up to local government to take their own decisions—within the Government's overall framework of financial control." But he put forward a few ideas on how to cut costs.

One authority, he said, which had previously checked all invoices, started a system of selective checking and saved £20,000 a year.

Mr. King said that government was a great waster of energy, and any authority that could not save 10 per cent of its energy consumption had not really begun to cut costs. One authority had spent £676 to install simple thermostat controls in its swimming pools and saved £7,000 in the first year.

The Minister said that "mindless militancy and chants of No Cuts" constituted a superficial and unrealistic approach. While he was speaking, union and Labour Party representatives were gathering in London to march and lobby Parliament in protest against Government public expenditure cuts.

He warned that if there was no flexibility—for example, if teachers were not prepared to move to other areas to be redeployed following changes in pupil numbers—cuts could be worse.

Spending cuts, said Mr. King, did not necessarily mean cuts in service. What was important was providing value for money.

BL helps salmon sales leap

BY LISA WOOD

BUSINESS HAS been booming for UK salmon processors — partly thanks to BL.

For the car company distributed thousands of sides of salmon as part of its latest promotion of the Rover saloon.

A selected number of possible customers, from the higher social groups, who test drove the car during a three-month promotion, received a free side. More than 16,000 people took up the offer and BL said yesterday that sales of Rovers improved by 50 per cent during and immediately after the promotion, which ended last month.

Goodfare Products of Manchester, were one of the main suppliers of the fish — which BL said had a retail value of £20.

Goodfare is a family-owned business which grew from a delicatessen shop started by the great grandfather of Mr. Michael Hyman, the present chairman.

Not only does the company process and distribute salmon, it also trades in olives, gherkins, cherries and food dressings.

More than 500 tonnes of salmon are handled a year by Goodfare, which has doubled its business during the last six years. This has been because of the combination of increased demand for the fish and aggressive marketing. There are other companies in the country which smoke salmon but Goodfare is probably the only one to concentrate on the product.

Mr. Hyman said: "I have spent my working life travelling to places such as Alaska, Ireland and Norway finding supplies of salmon but that from Scotland is still the finest to be found."

One of his greatest problems is ensuring the right volume of fish of the optimum quality for smoking mainly millions of fish are removed from Alaskan waters, but not all are suitable for smoking.

Bigger mortgages to be easier

BY MICHAEL CASSELL

THE GOVERNMENT is to allow building societies to make larger loans more easily available, although the present lack of funds means the ruling will have little immediate impact.

Mr. Nigel Lawson, financial secretary to the Treasury, announced yesterday that the societies will be able to raise their special advance ceiling from £20,000 to £25,000 from January 1.

The societies are permitted to allocate only 10 per cent of total lending during any one year in tranches above the special advance limit, which has been at £20,000 since July, 1975.

The ceiling mechanism introduced in 1960 with an initial £5,000 limit—was intended as a prudential device to ensure that building society lending was confined to legitimate house buyers, with only a small proportion of funds going to corporate borrowers.

In recent years, however, respective governments have tended to use the ceiling as a device for helping to limit house price rises. Mr. Norman Griggs, secretary general of the Building Societies Association, said yesterday it was "wrong in principle" to use the ceiling to help contain prices and said the societies had accepted the new £25,000 limit with "great reluctance."

Even when building societies are enjoying high levels of receipts, they rarely get close to the 10 per cent special advance limit and there is no chance of them doing so while mortgage funds remain below the level required to meet demand.

Kidderminster £1m sale

QUAYLE CARPETS of Kidderminster changed hands yesterday for £1m. Many of the 200 factory workers could get their jobs back when the sale is completed next week.

The company, which has been in receivership since September, has been bought by a Kidderminster businessman, Mr. Bill Davies. It is understood he hopes to continue carpet production.

Engineering plant-makers urge 'buy British' policy

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MAKERS of heavy engineering equipment are seeking Government support in their campaign to ensure that orders are placed in the UK for the Shell and Esso petrochemical plants to be built at Mossmorran in Fifeshire, Scotland.

Mr. Harry Hornsby, director-general of the Process Plant Association, said yesterday: "The process plant industry does not seek protectionism.

"But it does seek that British-based buyers should take a more nationalistic approach to their purchases in the same way as would be followed in such countries as France, Italy, Germany, and Japan.

"It is high time Britain demonstrated the same concern as France for its own domestic industry."

Sir Keith Joseph, the Industry Secretary, has agreed to meet senior representatives of the industry shortly.

They will tell him that they think purchasing organisations should be required to inform the Government before placing substantial orders overseas, so that everything can be done to ensure that UK companies can supply.

Mr. Hornsby said the heavy fabrication section of the process plant industry was in a crisis. The rate at which new orders were taken by heavy fabricators had fallen from £100m at the end of 1977 to £40m this year. Employment by heavy fabricators had dropped by 27 per cent in the past two years.

The association says that the Mossmorran plants present an opportunity for the industry to be maintained in a period which is proving exceptionally difficult worldwide, ready for an expected upturn in orders in the next decade.

It is understood that Shell, which has already placed some orders for the gas separation plant to be built at Mossmorran, has sourced only 60 per cent in the UK.

Mr. Hornsby said the Department of Industry "fully understands our views and is considering how it can best assist the industry. We hope it will decide soon."

He described it as a "core" industry which must remain intact.

"It may be that as a matter of national policy we will need to formulate a firm strategy based on a group of core industries such as heavy engineering, which must be maintained to ensure a balanced economy."

Jedburgh wins European conservation award

FINANCIAL TIMES REPORTER

THE SCOTTISH Border town of Jedburgh has won a major European award for restoration of its market place and several historic buildings.

The awards are made annually by Europa Nostra, the federation of European conservation societies, with five medals and about 30 diplomas.

Lord Duncan-Sandys, president of Europa Nostra, announcing the awards in London yesterday, emphasised the importance of conservation to the tourist industry.

The other four medals went to a pedestrianisation scheme and underground garage in Schwanbach, West Germany; restoration of old buildings in Krems, Austria; repair of 62 old houses in Amsterdam; and renewal of the Carlos III Royal Theatre in the Escorial, Madrid.

No decision on Orkney mining

THE GOVERNMENT is undecided whether to allow uranium mining in the Orkney Islands.

Approving a structure plan for the island, Mr. George Younger, Scottish Secretary, said yesterday he was leaving the question open, reserving his decision so the matter could be decided "if and when" any application was made for exploration or exploitation of uranium resources.

Mull distillery production to restart by Christmas

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LEDAIG distillery on the island of Mull, which has been in receivership for three years, has been bought by a group led by Yorkshire businessman Mr. Stewart Jowett and should restart production by Christmas.

The distillery, founded in 1823, was rebuilt in 1969, but stopped distilling when the company which owned it, Ledaig Distillery (Tobermory), collapsed.

It has been bought from the receiver for an undisclosed sum by a new company, Tobermory Distillers, whose major shareholders are Mr. Jowett, Mr. Peter Russell, an Edinburgh whisky broker, and Mr. Jim Morrison, who was associated with the distillery before its troubles.

Mr. Jowett and Mr. Russell will be joint managing directors. Mr. Morrison will supervise production.

Mr. Jowett said the re-establishment of the distillery after 18 months of negotiations would be a great benefit to the local community and could provide up to 25 direct and indirect jobs.

The plant is being overhauled.

UK NEWS

Denial by PLO does not rule out links with IRA

BY ANTHONY McDERMOTT

MEMBERS OF the Palestine Liberation Organisation have had continuing informal contacts with the Provisional IRA.

This was the implication of a statement made in London yesterday by Mr. Nabil Ramlawi, the PLO representative there, at a Press conference on the eve of the UN International Day of Solidarity with the Palestinian People.

Mr. Ramlawi, who has visited Beirut in recent weeks to confer with Mr. Yasser Arafat, the PLO leader, over controversy about PLO and Provisional IRA links, said yesterday: "The PLO has no ties with the IRA. The PLO is not supporting the IRA nor seeking links in the future."

But he added that the PLO, "like any other government" was not able to control the actions of "all its citizens."

During a visit to the Middle East at the beginning of October Mr. Douglas Hurd, Minister of State at the Foreign and Commonwealth Office with responsibility for the Middle East, said there were links between the PLO and the IRA.

One of the proofs was the arrest at Heathrow some three weeks ago of Mr. Masoud al-Ghandour, a Palestinian who was found to have with him a list of telephone numbers of IRA contacts.

He is also believed to belong to Fatah—a point denied by the PLO. This, the largest group in the PLO, is headed by Mr. Arafat.

House rebuilding costs up 22% since last year

BY ERIC SHORT

HOUSE REBUILDING costs in the UK have risen by 22.3 per cent in the past year and by nearly 25 per cent in the 14 months to end-September, according to the latest value of the house rebuilding cost index issued by the British Insurance Association.

The index is based on the rebuilding costs prepared by the Building Cost Information Service of the Royal Institution of Chartered Surveyors. The index was started on July 31, 1978, with a value of 100, but the British Insurance Association has published its value every quarter. The value at September 30, 1979, was 124.9 compared with 102.1 a year earlier.

The association has also revised its leaflet giving much more comprehensive details on rebuilding costs. This shows the cost per square foot for a variety of houses. The leaflet sets out these costings for five types of houses, in four regions, the types being subdivided by age and size.

For example the rebuilding cost for a medium-sized, semi-detached house in London, built in the period 1920-45, is £33 per square foot, the value relating to end-September. At the end of July, 1978, the cost was £27.50 per square foot.

The aim of the leaflet is to guide householders into assessing an adequate value for insuring their house. This has to be based on rebuilding costs, which include the costs of demolishing the previous building, rather than the market value of the house.

The sum insured is obtained by measuring the external area of the house and multiplying by the cost per square foot. The leaflet describes in detail how to do this and gives a typical floor space area for each type of house.

A Guide to Buildings Insurance for the Home Owner, available free from "Leaflets," British Insurance Association, Aldermanbury House, Queen Street, London, EC4N 1TU.

Recession likely to last into 1981, says bank

BY DAVID MARSH

THE RECESSION in the UK is likely to continue throughout next year, with no recovery expected in the next 12 months and a rise of less than 0.5 per cent in gross domestic product in 1981, according to Midland Bank in its quarterly review.

The bank says it is less hopeful about a recovery next year than other forecasters because of its relative pessimism about the prospects for wage inflation.

There was a wide gulf between the rationale of the Government's policy and the unions' understanding of it. Monetary and fiscal constraints on the price increases obtainable in sagging markets would stiffen employers' resistance to high pay demands.

But average earnings might increase by 16 to 17 per cent in the pay round now beginning.

The bank say some increase in the public sector borrowing requirement in real terms next year might be a prudent insurance against recessionary risks. An increase need not be incompatible with the Government's longer term objective of reducing inflation.

● NEWS ANALYSIS—THE PROMOTION OF KEY CIVIL SERVANTS

The Treasury's dance of the seven veils

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RESHUFFLE among top Treasury civil servants now in preparation will involve the promotion of key officials to advise successive Chancellors and help to shape economic policy throughout the 1980s.

As such, the moves are of considerable importance, yet when they are announced—possibly in stages in the next few months—only the closest Whitehall watchers are likely to be any the wiser.

This is true, of course, of personnel changes in any large organisation, but it is particularly characteristic of Whitehall. Ministers are regarded as still the masters and sole spokesmen. The myth remains that there is no view other than put forward by the politicians, so internal advice and debate must remain secret.

Admittedly, officials have been appearing much more in public in the last few years, but, at best only one or two of the veils of Whitehall secrecy have been lifted.

Consequently, the Treasury can easily be portrayed as a somewhat monastic institution with able, but rather cold and anonymous officials. The caricature can be extended to make their influence either sinister or ineffective—depending on the critic's viewpoint.

The reality is different. The external formality is, in part, a defensive screen against outsiders of all kinds—intended to maintain "the old mystery of the Treasury," in the words of Lord Croham (formerly Sir Douglas Allen and the department's Permanent Secretary from 1968 to 1974).

This makes it more difficult for the outsider to know and judge what is happening inside the department. Nevertheless there appears to be considerable internal informality and a lively debate (up to a point) about policy issues among officials with varying views, strongly distinctive personalities and differing abilities. Moreover, individual officials have a clear, though subtle, influence over policy in a continuing dialogue with Ministers, the rest of Whitehall and the Bank of England.

A simplified version of how Treasury officials see themselves is that they are a hard-working and much-maligned group struggling to keep the show (economic policy) going in face of the vagaries of politicians, of other departments, and of the outside world, not least the Press. This tends to generate a strong sense of internal cohesion and fellowship.

There is something to be said for this view but it should not be taken too far. Former Ministers and other close observers of the department would readily concede the ability of the officials, but would argue some of the key advisers have become rather shell-shocked after the economic setbacks and policy changes of the last decade.

On this view, some of the top officials, especially those without a specialist economics background, have been thrown on the intellectual defensive in the last few years. Opinions on how the economy works, which have been built up over the last two decades, have been strongly questioned as the monetarist tide has risen.

This has immediate relevance to the forthcoming reshuffle, since it is just those younger officials in their early- and mid-40s who have been receptive to newer ideas that are likely to be promoted.

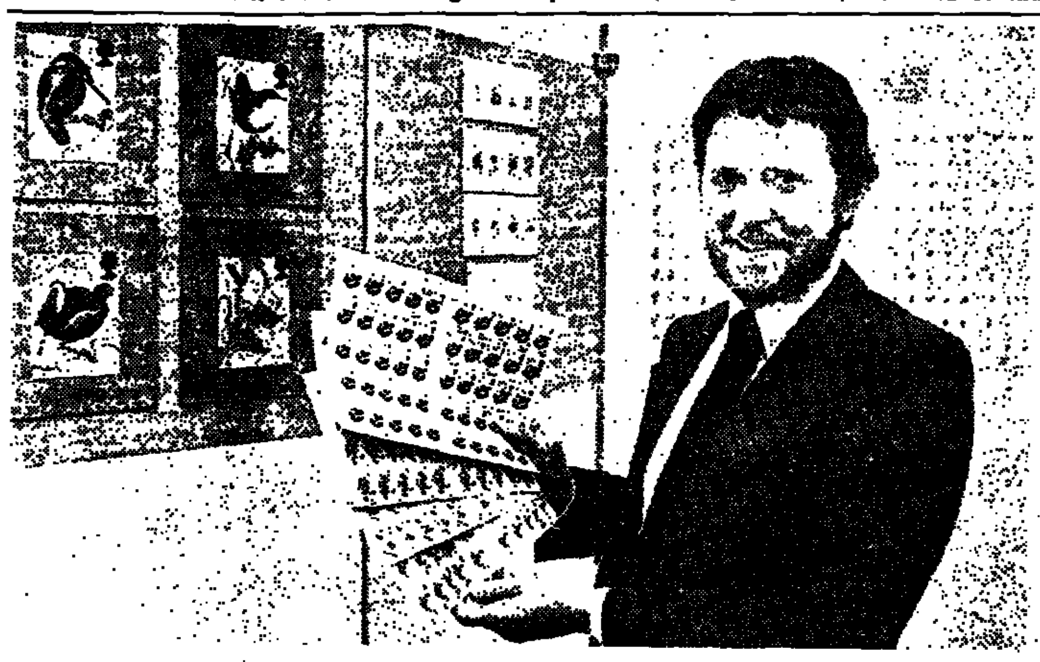
In the spring and early summer of 1977, the three Second Permanent Secretaries and the Chief Economic Adviser—the layer just below Sir Douglas Wass, the Permanent Secretary—all left within a few weeks. This was only partly a coincidence and there were stories of clashes on the key Policy Co-ordinating Committee between Sir Douglas and his experienced and outspoken subordinates. Their successors have apparently been less forthright and independent, with the exception of Sir Kenneth Couzens on the overseas finance side. Consequently, Sir Douglas has apparently enjoyed a greater dominance within the Treasury since then.

The key point is that the opportunity was not taken to promote some of the high-flying under-secretaries. This layer is widely regarded as containing many of the most energetic, talented and original officials. For instance, Mr. Michael Bridgeman and Mr. Peter Middleton are reckoned to have been the source of much of the Treasury's thinking about monetary targets and possible changes in the present system of control, on which they are engaged in a continual dialogue—and not infrequent dispute—with the Bank. No one could accuse either of being cold or anonymous.

There are plenty of other examples which refute the faceless stereotype of caricature, though this does not, of course, mean their views are necessarily always right. Three or four of the present group of under-secretaries are likely to be promoted to replace two deputy secretaries who are retiring next year, one who is going to Washington for the Treasury and whoever replaces Sir Lawrence Airey as Second Permanent Secretary responsible for the domestic economy.

Sir Lawrence is going to head the Inland Revenue and among current deputy-secretaries, the two favourite internal candidates to succeed him are Mr. Bill Ryrie, aged 51, a former private secretary to the Chancellor who is about to return after four years in Washington, and Mr. Geoffrey Littler, aged 49, currently responsible for counter-inflation and monetary and fiscal policy.

The intriguing question is whether the promotion of the younger, and possibly more open-minded under-secretaries—young that is by the standards of the Kremlin—will make any real difference.



More rely on assistance in Northern Ireland

BY ERIC SHORT

ABOUT ONE in seven of the population of Northern Ireland relies to some extent on supplementary benefits according to the Report of the Supplementary Benefit Commission for Northern Ireland for 1978.

This showed that more than 116,000 people in Northern Ireland were receiving benefit at the end of last year. When wives, children and other dependents are taken into account, the total number relying to some degree on supplementary benefit was 216,000—14.4 per cent of the population of Northern Ireland.

By comparison, about 9 per cent of the population of Great Britain is dependent on supplementary benefits.

The Commission paid out a total of £89m in supplementary benefits in 1978, compared with £78m in 1977. The largest single group of beneficiaries were pensioners, who accounted for 49 per cent of all claimants. The unemployed accounted for 29 per cent, the sick 10 per cent and single parent families 7 per cent.

In its report, the Commission examined the factors which combined to produce high levels of poverty and deprivation. It referred to the problems of unemployment, low earnings, the cost of living and the high proportion of unfit dwellings compared with England and Wales. It refuted the often expressed comment that people were better off on the dole than working and concluded that the proportion of unemployed getting more money from benefits than in work was very small.

Less nicotine content in cigarettes

THERE HAS been a fall in high nicotine content brands of cigarettes, says the Department of Health and Social Security.

Only 13 brands of cigarettes out of a total of 129 have tar yields of 20 mgs or more according to the latest figures, and since a previous study in September last year, the average tar yield has dropped by 4 per cent.

In 1972 more than 24 brands were classified in the middle to high and high tar yield groups, but now only seven come into this classification. The drop is due mainly to the Supplementary Tax levied on cigarettes yielding 20 mgs or more of tar which was introduced last year.

Device lets handicapped 'talk'

BY ELAINE WILLIAMS

RESEARCHERS at King's College, London, are seeking a financial backer for an electronic device which allows severely handicapped people to communicate.

About £10,000 would enable production to begin, says Mr. Patrick Poon, who has carried out development work at the university.

The communication aid would cost about £300 to buy, a tenth of the cost of aids already available. The aim had been to produce a system small, cheap and transportable, so that a handicapped person would be able to use it all the time.

The new system, which incorporates microprocessors, allows the user to type words which are displayed on a television set.

Mr. Poon added that the system could be produced in kit form, to keep the cost down, and fairly easily assembled.

In the UK there was only one device on the market, the Possum—available through the Department of Health and Social Security — subject to many delays which left many handicapped people unnecessarily cut off.

So far two prototypes of the system have been made. The first has been on trial at a school for handicapped children in south-east London for the last six months. The second is being sent to New Zealand this week to a family with a severely handicapped child.

Stamps commemorate protection of Britain's wild birds

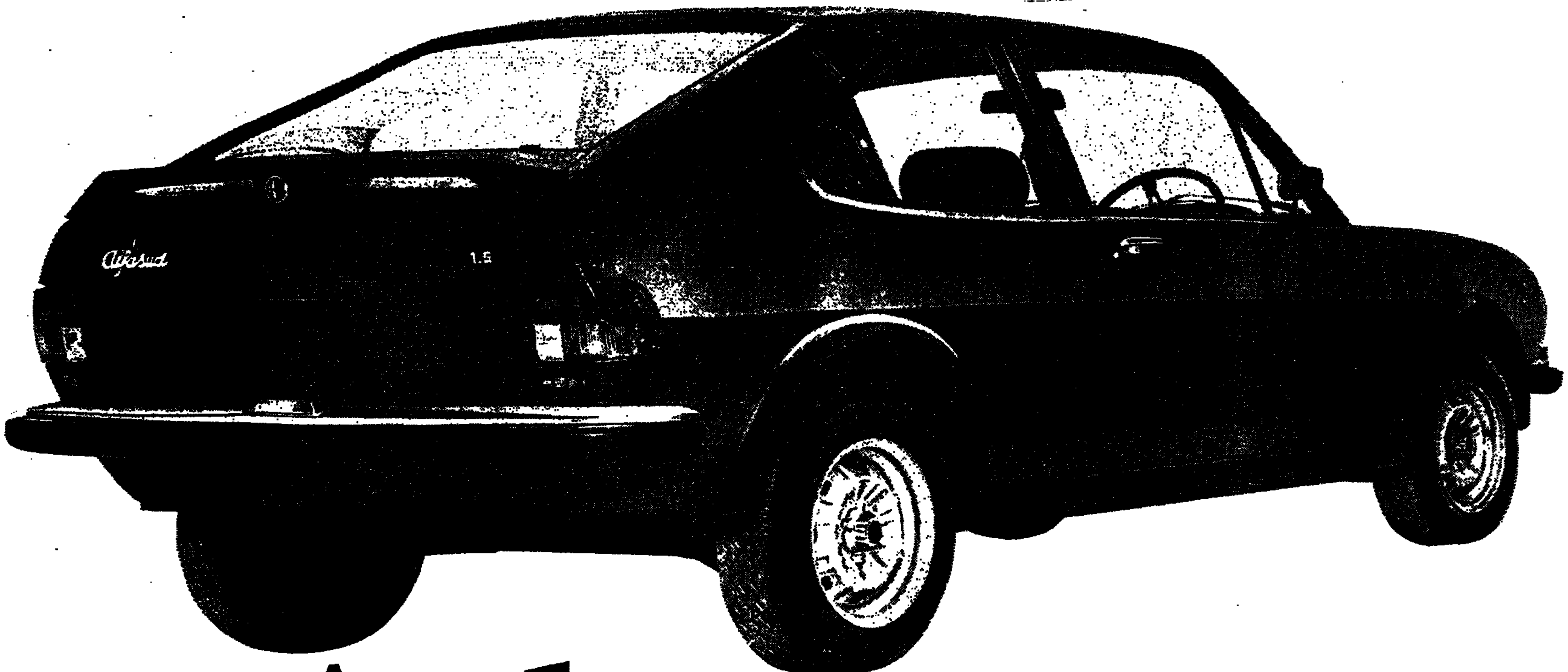
BY ELAINE WILLIAMS

FOUR SPECIAL stamps will be issued by the Post Office on January 16 to commemorate the centenary of the introduction of the 1880 Wild Bird Protection Act.

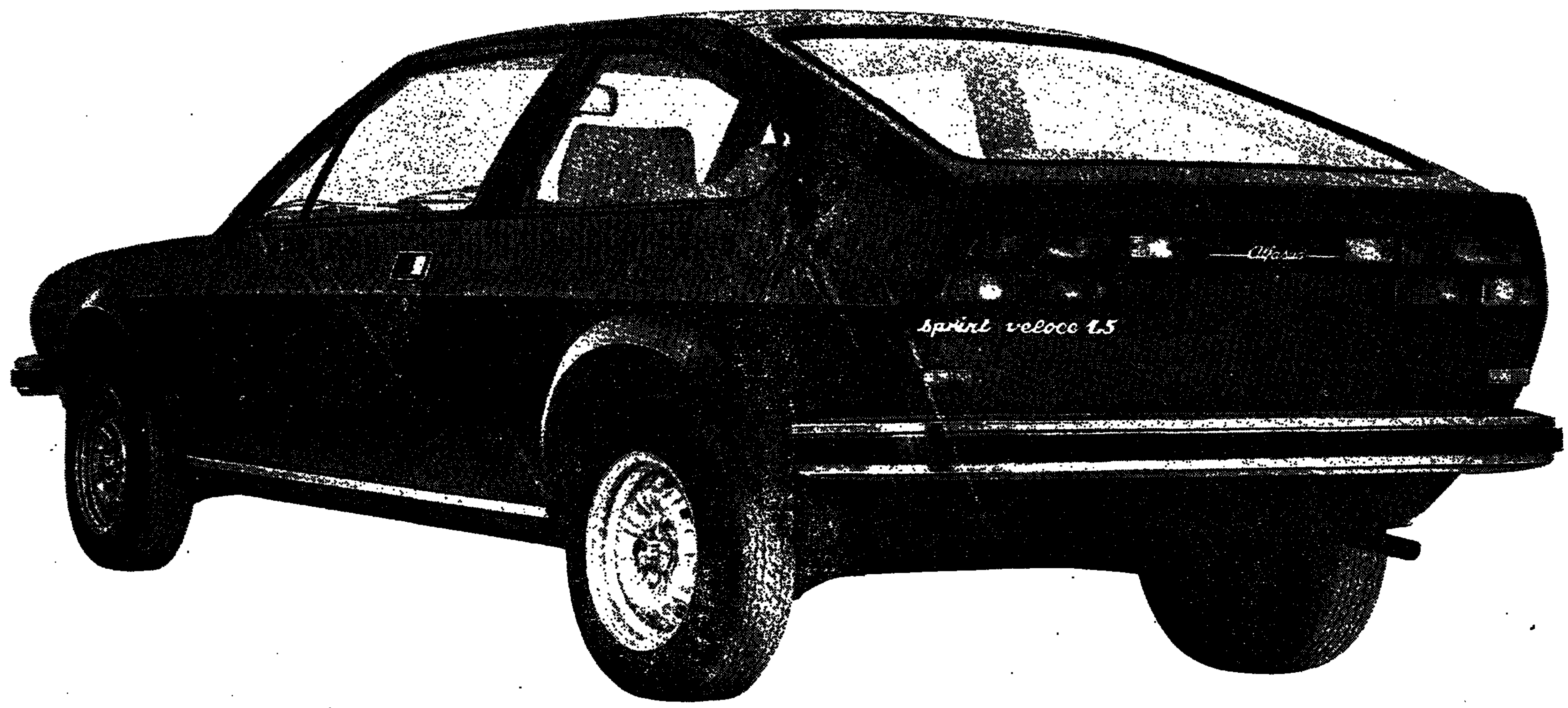
The stamps were designed by Mr. Michael Warren, the wildlife artist, shown here holding the first printing.

They feature the UK's most popular water-birds. The kingfisher will adorn the 10p stamp, the dipper is on the 11½p stamp, and the moorhen and the yellow dipper will appear on the 13p and 15p stamps.

Before 1880 only certain game birds were safeguarded but current legislation protects all species, even Buzby.



A clean pair



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This is the 1.5 ti. Nought to sixty in ten point nine, a top speed of 106† and 42.8*mpg at an admittedly uncharacteristic steady 56 mph.

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From its four halogen headlights to its wide opening tailgate it is, we think you'll agree, one of the prettiest cars that ever made a pedestrian wish he wasn't.

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*Official government figures, ti 1.5. Urban 25.7 mpg (11.0 L/100km). Constant 56 mph (90 km/h), 42.8 mpg (6.6 L/100 km). Constant 75 mph (120 km/h), 31.0 mpg (9.1 L/100 km). †Manufacturer's figures, ti 1.5.
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Shipbuilders 'unable to meet claims'

BY NICK GARNETT, LABOUR STAFF

GOVERNMENT cash limits for British Shipbuilders mean the nationalised corporation can *afford little or n ogeneral* pay rise this year for its 80,000 workers.

Union leaders fear the financial constraints ar esevere friction is inevitable. Any pay offer is likely to be far below +he rate o fprice inflation. The shipbuilding unions' formal wage claim is estimated to be worth 30 per cent.

The corporation is expected to tell the unions within the next two weeks that any subs+*antial rise* on January 1 must b epaid for out of productivity concessions at yeard level. But with the low level of work in many yards, they see no way of funding a wege rise except through further job losses.

Government aim

The limit on external financing for 1980-81 has been set at £120m, compared with £250m for the curreo tfinancial year.

This drop reflects +he Government's aim to make shipbuilding viable.

Losses this financial year of £100m, after intervention fund credit, are supposed to drop to £90m in 1980-81 before the credit, accordin gto the Department of Industry yesterday.

Mr. John Chalmers, general *secretary of the Boilermakers* Society, said here yesterday that British Shipbuilders' workforce was *fully* aware of the corporation's difficulties. Because of inflation, however, he did not think they would accept increases of less than 17½ per cent. He is among union leaders attending an International Metalworkers Federa*tion conference on the industry.*

A low wage offer would put pressure on negotiations to go *for an uncomplicated settlement* with most ne wmoney placed on basic rates, union leaders believe. *This might cause friction* with some unions which are trying to improve differentials.

When the claim was submitted last month there was a heated exchange after management indicated there was virtually nothing in the kitty this year with which to meet the claim.

Meanwhile the conference itself, British union officials pointed to wage statistics produced yesterday by the IMF.

A *standard of living survey* —in terms of purchasing power based upon the time it takes to earn money *sufficient* to buy 350 different goods and services —showed the British shipworker *is* near the bottom of the eWst's major shipbuilding nations.

Purchasing power for shipbuilding workers in the U.S. is more than twice as high as that in Britain, 75 per cent higher in Australia, Denmark and Sweden than in Britain. 50 per cent in Norway and Belgium and about 13 per cent higher in West Germany, France and the Netherlands.

According to the Federation, *gross wage costs per shipworker* per hour in Britain are far below those for all European *shipbuilding nations and most* non-European countries other than thohse in the Third World.

In Belgium, they are two and a half times higher than in Britain, more than twice as high in Denmark, West Germany, Sweden, Norway and the U.S., and one and a half times to twice as high in France. Italy, the Netherlands and Japan.

Hugh Routledge

Fighting broke out between a group of far *Left* demonstrators and Labour Party stewards at a rally yesterday as Mr. James Callaghan, *the* Leader of the Opposition, prepared to address them about the Government's spending cuts, writes Gareth Griffiths.

The incident occurred after a big march led by Mr. Eric Heffer and Mr. Tony Benn (above) and organised by the Party's national executive committee in protest at the *cuts.* As Mr. Callaghan entered the Central Hall, Westminster, there were roars of *abuse from sections of the* 2,000-strong audience.

Police estimated that 47,000 joined the march, making it the biggest since demonstrations against the last Conservative government's industrial relations legislation.

The fighting broke out when *stewards* tried to evict protesters who yelled at Mr. Callaghan during a speech by Mr. Stanley Orme, Opposition social services spokesman. About 20 people joined in the scuffles which lasted ten minutes.

Some demonstrators turned on a BBC television film crew, but members of the crew were not hurt. Police entered the hall and were greeted with calls of "police out." Several *people were ejected* by stewards.

Mr. Orme condemned what *he called "yobbo tactics" and* said that protestors should "go out and give the same treatment to the Tories." The Labour movement should not allow a few people to destroy it, he said.

Mr. Callaghan remained calm throughout his own *speech and refused to be* drawn on several occasions when hecklers asked him what he *thought of the sacking of* Mr. Derek Robinson, the BL convener and of the Charing Cross Hospital engineers.

The march attracted demonstrators from all over the country. TUC general council members spoke at the start of the march at Hyde Park Corner and at Central Hall. Mr. Roy Hattersley, the Opposition environment spokesman was also greeted with abuse when he spoke at Hyde Park.

Thousands of police were drafted into the area along *the route of the march from* Hyde Park to the Embankment but there were no arrests or incidents. The march itself ended quietly

Chrysler warns on closure

By Ray Perman, Scottish Correspondent

CHRYSLER UK warned workers *at Linwood,* its biggest car factory, yesterday that industrial action over a proposal to cut *1,250 jobs could* result in the plant being closed.

The 6,500 hourly-paid workers are to meet this morning to vote on a recommendation from shop stewards that they should strike as son as the first redundancies take effect on December 14.

Chrysler UK — now owned by Peugeot-Citroen of France and trading under the name Talbot — said last month that it intended to discontinue the night shoft at Linwood with the loss of 1,000 production and 250 staff jobs.

The management rejected a suggestion from the unions in the plant that the jobs could be saved by introducing a worksharing scheme and a cut in overtime.

In a letter delivered to employees' homes yesterday, and signed by Mr. Stan Deason, *manufacturing* director at Linwood, the company says that a vote to oppose the redundancies with *strike action* would severely damage the plant's future, which depends on reducing losses.

The letter adds: "In the light of this development it is my duty to inform you that a vote by our employees in favour of the joint shop stewards' recommendation would result in an early decision being taken on whether or not to continue the Linwood manufacturing operation."

Mr. John Carty, convener at Linwood, said that the management letter was typical of the heavy-handed attitude of the company's new French owners.

BOC workers given 33% pay deal

BY PHILIP BASSETT, LABOUR STAFF

BOC and Ford Motor manual workers, two of the private sector's traditional pace-setting groups in the wage round, have accepted pay deals respectively *worth 33 per cent* over 20 months and 21.5 per cent over the normal 12-month period.

Yesterday BOC received formal acceptance of its two-stage offer after a series of depot meetings of drivers and cylinder-handlers in its gases division.

The importance of the settlement is not just in respect of the current round, but in the fact that the deal projects a sizeable settlement into 1981.

Though the length of the settlement involved "a degree of risk" in forecasting future *business* prospects, said BOC, it was offset by benefits to customers of "prolonged stability of supply."

Disruption of supplies to industry, which might have had a severe effect on performance, was threatened before the company tabled the offer, finally accepted when the manual workers imposed an overtime ban and a work-to-rule and threatened all-out strike action.

The settlement, covering 3,000 manual workers, gives increases backdated to October 1 which it is estimated would raise average earnings by 16.7 per cent to £125.87 a week.

The second stage of the settlement will run from October 1 next year until May 1981, and will give a further increase of 13.8 per cent on the then rate of average earnings, increasing them to £143.27.

Ford unions also formally accepted their pay offer yester*day. Union officials* told the company that all 24 Ford plants had accepted the 21.5 per cent offer, which includes a commitment to seek ways of reducing working time in the 1980-81 agreement.

The deal increases the wage of a main-grade production worker from £74.52 to £89.52 a week, with an attendance allowance also increased, from £3.48 to £5, to be paid on top of this.

Stage set for hours cut–TUC

BY ALAN PIKE, LABOUR CORRESPONDENT

*THE STAGE is set for a reduc*tion in working time in the UK and throughout Europe, the TUC says in a report published yesterday.

A table in the report based on a 1975 EEC survey of manual workers' annual hours shows an average of 1,932 hours worked in the UK. The next highest is France at 1,831, ranging down to Italy at 1,503.

The TUC suggests that the gap between the UK and other European countries may have widened since 1975. The differences are due largely to longer ovetrime and fewer holidays.

Reductions in working time as a means of tackling unemployment were demanded by Mr. Wim Kok, president of the European TUC, in an address to the TUC general council in London yesterday.

Closed shop 'not 100%'

BY PHILIP BASSETT, LABOUR STAFF

TRADE UNION membership under closed shop agreements may be "significantly below" the 100 per cent membership level implied by the term, according to a survey on British agreements published yesterday by the Department of Employment.

The survey, the first of its kind since 1964, is intended to form a background to the Government's proposed legislation on the closed shop, which seeks to extend protection against dismissal for non-membership to non-union employees and those with deeply-held per*sonal convicitions, and to ensure* closed shops are only implemented with the back ing of an "overwhelming majority" of employees.

The preliminary report of the survey team from the London School of Economics, under the *Department's sponsorship,* analyses 136 union membership agreements, covering 1.2m public sector and ½m private sector workers. The survey's provisional estimate puts this 1.7m as about one-third of the total number in closed shops.

Because *some managements* supplied the team with only representative agreements, the *survey* reflects closed shop arrangements involving a far greater number of employees than 1.7m.

The broad conclusion is that closed shop agreements *have* undergone major changes in the last 10 years, becoming much *more sophisticated* and much more formally arranged.

Pre-entry closed shops—which require a prospective employee to be a member of a union before he can be considered for a job—such as those found in parts of the printing, shipbuilding, steelmaking and other industries — are in relative decline, mainly because of the corresponding decline in such industries, though some skilled craftsmen in manufacturing *plants may still operate* them informally.

Though 72 per cent of agreements *studied* were signed in 1976 and 1977, following negotiations after the repeal of the last Conservative Government's 1971 Industrial Relations Act, the survey argues the present spread and formality of agreements began in the late 1960s and was simply arrested by the Act.

Though the Trade Union and Labour Relations Act of 1974 made the closed shop again a legal possibility, 40 per cent of the 126 agreements dating from 1974 onwards originated in some form before 1971.

The growth of the closed *shop, though, seems to have* reached a peak in 1976 and 1977. The survey suggests by last year, the signing of such agreements was in decline.

The form of the agreements, too, has changed from often only a single clause in a works agreement in 1968 to a three- or four-page agreement now. About 60 per cent of closed *shop agreements* are signed by just one union, with 20 per cent signed by four or more unions.

Fewer working days lost

BY PHILIP BASSETT

THE NUMBER of working days lost through strikes fell sharply last month following the settlement of the engineering industry pay dispute.

Working days lost fell in October to about 3.4m from 11.2m in September. The figures are based on estimates of the effects of the engineering dispute.

The total for the first 10 months of this year is more than 27m days lost — the highest since the General Strike in 1926. More than 4.2m workers have taken part.

Despite the ending of the engineering dispute, the total so far this year broke the record for recent times of 23,900,000 for all of 1972.

● About 27.8 per cent of all employees in manufacturing *industries* worked *overtime* in the week ended September 8 for an average of nine hours each. *The total number of* hours of overtime worked, seasonally adjusted, was 12.68m.

'Dismissal in Tether's mind'

FORMER Financial Times columnist C. Gordon Tetrer, who clashed with his editor over control of his articles, knew well before he was dismissed that he was "putting his neck on the block," Mr. T. R. A. Morison, counsel for the newspaper, told the Employment Appeal Tribunal yesterday.

Whether a warning should have been given to him that his attitude could lead to dismissal was broadly a matter for the industrial tribunal which, in the event, decided against him, said Mr. Morison.

The Financial Times was resisting an appeal by Mr. Tether, 65, against the rejection of his complaint of unfair dismissal.

Mr. Tether, of Worplesdon, Surrey, claims that the industrial tribunal's main findings against him were "perverse."

The tribunal had said that Mr. Tether, who wrote the Lombard column for 21 years, was dismissed because the working relationship between him and Mr. Fredy Fisher, the editor, broke down irreparably.

Mr. Morison said that Mr. Tether had never accepted that he had any obligation to consult his editor about the column, or any obligation, through that consultation, to have a working relationship.

The industrial tribunal concluded that Mr. Tether had refused to accept a disputes committee recommendation that he should meet Mr. Fisher at the FT offices to try to establish an acceptable working relationship. Mr. Tether maintained that under the disputes procedure such a meeting should have been on neutral ground.

Mr. Morison said yesterday that the meeting had to be at the FT. A working relationship could be established only if the parties were able to meet in the ordinary course of their working life, which could be done only on the newspaper's premises.

The disputes committee had concluded that a meeting there was the only chance of ever establishing a working relationship.

If Mr. Tether "could not do that, that was the end of the day." Mr. Tether had been going to the building every day of his working life.

There was evidence that attempts were made, involving senior journalists and others, to see Mr. Tether to persuade him to sort things out.

There was evidence, said Mr. Morison, that since Mr. Fisher took over the editorship in 1973 there had been no problems between hi mand any other journalist on the paper.

The document in the case showed that Mr. Tether was quite intractable on the basic issue over editorial control of the column. He had never accepted that he was under an obligation to consult with the editor.

The FT, said Mr. Morison, had tolerated an awkward position with great dignity, with the editor trying to carry out his job.

"For two years they put up with being blackguarded by Mr. Tether in difference ways without once over-reacting or, in a sense, reacting at all."

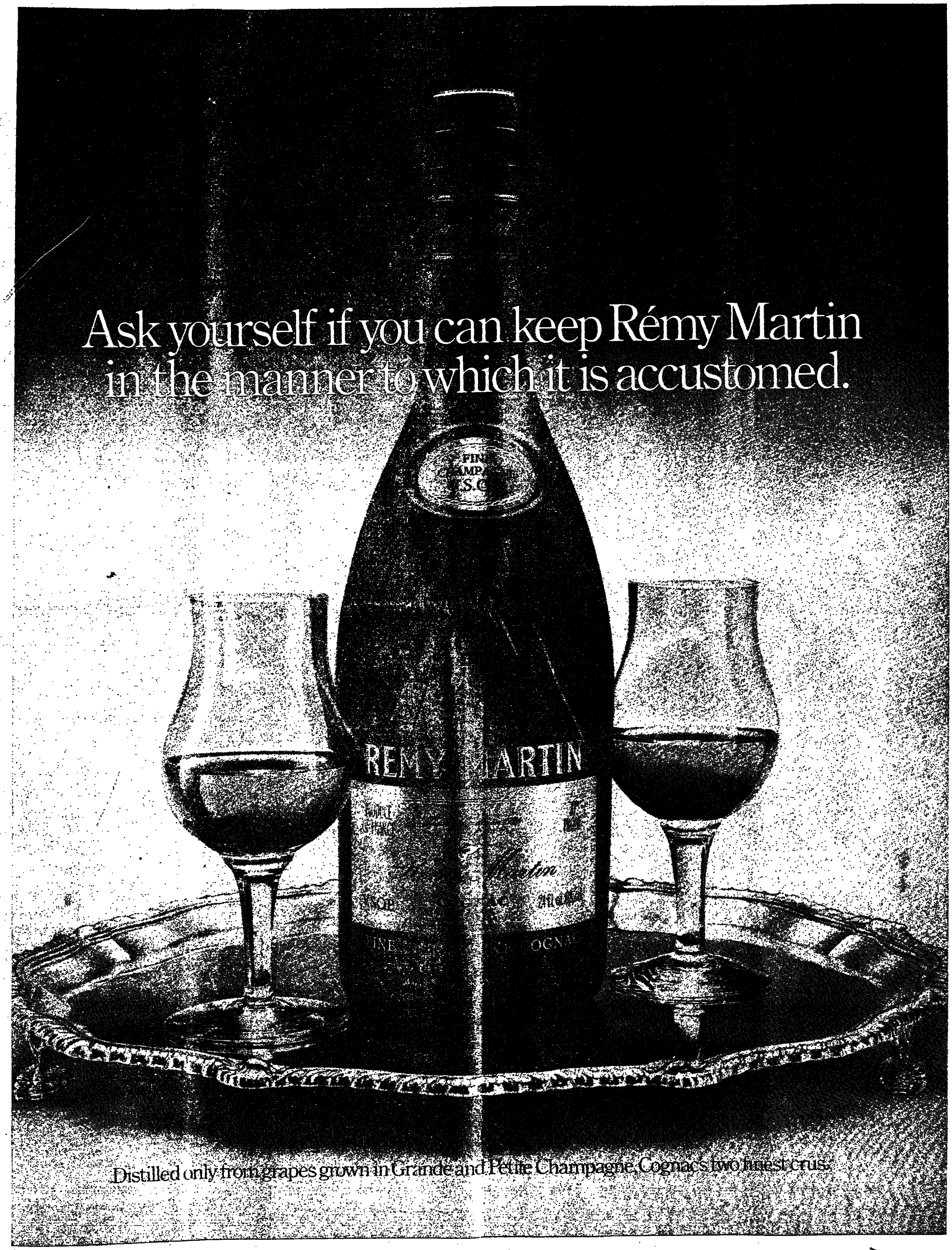
The newspaper had acted reasonably in not having the suggested meeting on neutral ground. The eventual management judgment that the end of the road had been reached because the dispute was so tight was a reasonable judgment.

Mr. Tether himself had said the meeting might have been been set up to give an opportunity to dismiss him.

The possibility of dismissal was plainly in Mr. Tether's mind. "It is quite plain he knew he was embarking on a course which was a collision course."

Mr. Morison spoke of the industrial tribunal's findings that the fact that normally appropriate pre-dismissal warning procedures were not followed did not make the dismissal unfair, and submitted that there was evidence to support that and other major conclusions of the tribunal. It would be wrong for the Employment Appeal Tribunal now to intervene.

The hearing continues today, when Mr. Tether makes his final arguments in reply.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UK NEWS—PARLIAMENT and POLITICS

Government offers patrial concession to placate immigration rebels

THE GOVERNMENT is believed to have devised a new way of clamping down on immigration, writes Elinor Goodman.

It hopes the scheme will take the steam out of the Conservative lobby announced by Mr. William Whitelaw, Home Secretary, earlier this month.

But in pacifying its own supporters, the Government may increase the wrath of those opposing the original scheme as racist.

The aim is to stop the abuse of the arranged marriage system and block what Ministers regard as a loophole in the present legislation. What the new proposal does is to add to the original scheme another category of women entitled to bring their husbands and fiances into the country automatically.

The idea is to allow women with one parent born in this country to bring their fiances into Britain. They would then be treated like those who are citizens of the UK, or who were born in Britain or one of its colonies.

The White Paper proposal was regarded by some Tory Right wingers as a dilution of the Conservatives' manifesto pledge. But it was those on the Left who threatened an embarrassing revolt. About 40 Tory backbenchers—including five Parliamentary Private Secretaries — were threatening to abstain.

Their prime criticism of the White Paper was that it was discriminatory on grounds of both race and sex, but their resolve in opposing this scheme was almost certainly strengthened by the knowledge that many Tory middle-class voters were alarmed at the prospect that their own relatives might not be able to bring their husbands into the country.

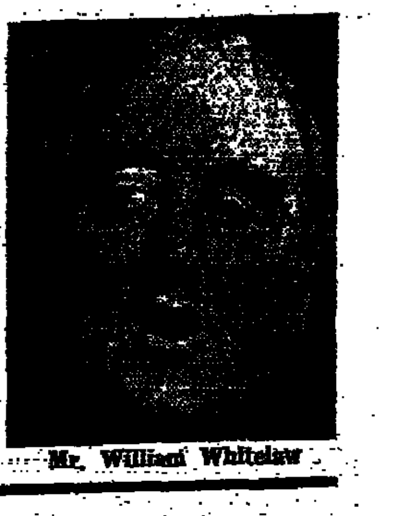
The Government seems to have been taken aback by the size of the possible rebellion, but could not go too far to meeting the opponents' argument without alienating the Right of the party.

The Right, hearing that the Left had apparently made progress in persuading Mr. Whitelaw to modify his proposals, immediately started collecting signatures for a letter urging the Home Secretary to stand firm and warning him that "any further dilution of the proposals would damage the credibility of the Government."

About 35 MPs signed the letter. In drafting its new proposals, the Government has therefore had to steer a very careful course between the opposing lobbies.

The opponents of the original White Paper proposals were meeting last night.

The signs were that although some were embarrassed by the obvious intention to cut down on Asian immigration, the Government had succeeded in defusing the opposition.



Mr. William Whitelaw

Watching brief on Iran embassy

A call for all staff to be removed from the British embassy in Tehran was rejected by Nicholas Ridley, Foreign Office Minister.

Mr. Patrick Wall, (C, Haltemprice), asked why personnel from all Western embassies had not been withdrawn in view of the current crisis at the U.S. Embassy.

Mr. Ridley replied that the presence of other Western embassies would help in the short-term. "The situation is being kept under very close review," he added.

Mr. Peter Shore, shadow Foreign Secretary, pledged the full support of the Opposition for the Government's statement expressing outrage at events in the U.S. embassy.

Mr. Shore said: "We regard it as an outrageous breach of international law."

In reply to Mr. Peter Temple-Morris (C. Leominster), who deplored the "primitive blackmail" of the Iranians holding hostages at the embassy, Mr. Ridley assured MPs that the U.S. were in no doubt about British support.

Mr. Ian Lloyd (C. Havant and Waterloo) called for Western Europe to adopt a "concerned, effective and resolute" position on the situation in Tehran.

Sir Ian Gilmour, Lord Privy Seal, said the EEC was cooperating over Tehran, but Mr. Shore wondered whether its collective responses on matters such as Tehran and Cambodia were "sufficiently timely and sufficiently strong."

Sir Ian replied that the Government had no control over the publicity which statements from the EEC were given in Britain.

● There were about 12,000 Iranian students in Britain during the 1977/78 academic year, Sir George Young, Social Services Under-Secretary said.

He told Mr. ohn Lee, (C., Nelson and Colne) that the Labour Force Survey of May 1977 suggested there were some 20,000 Iranian nationals in the UK at that time.

● GIBRALTAR BAR: Spain would not be able to join the Common Market while preserving its border restrictions with Gibraltar, Sir Ian Gilmour, Lord Privy Seal said.

● HOLIDAY HELP: A Bill aimed at ensuring that people who go on package holidays get value for money is to be introduced into the Commons next month. Its sponsor, Mr. Ken Weetch (Lab., Ipswich), said yesterday: "At present you have to pay the full price of the holiday in advance to the tour operator. But if you are dissatisfied with the holiday afterwards you have no redress except through certain voluntary arrangements."

● FOOD AID: The United Kingdom has so far spent 750,000 on food aid for Kampuchea out of the £1 allocated. Foreign Office Minister Mr. Nicholas Ridley said yesterday.

● CASH INCREASES: The cash limit on universities' spending in the current financial year has been increased by 3.7 per cent to £872.7m to allow for revised forecasts in the cost of pay settlements. Mr. Mark Carlisle, Education Secretary, said universities should now be able to proceed with pay negotiations for academic staff, technicians and manual workers.

● CRITICISM: British law governing compensation for death or injury caused by defective products was "open to serious criticism," Lord Allen of Abbeydale said in a debate on the recommendations of the Royal Commission on Civil Liability and Compensation for Personal Injury.

● RECIDIVISM: More than half of the 34,778 people serving prison sentences in England and Wales in June had five or more previous convictions, Home Office Minister Leon Brittan said yesterday. Offences which led to the prison sentences ranged from 1,090 sentenced for murder, to 10 people serving time for begging and sleeping out.

Howe links pay to higher tax

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A WARNING that uncontrolled public sector wage claims could lead to higher taxation was given in the Commons last night by the Chancellor, Sir Geoffrey Howe, opening a debate on the Government's economic policy.

His words echo a similar speech given on Tuesday by Mr. Nigel Lawson, Financial Secretary to the Treasury, who was speaking to the Unit Trust Association.

Mr. Jack Straw (Lab Blackburn) intervened to ask the Chancellor whether he agreed that taxation may well have to go up in the Budget next April and—if this was so—whether it would be by way of VAT or income tax.

The Chancellor told him: "There should be no misunderstanding about it.

"If the increase in public sector spending continues to expand uncontrolled, if public sector pay continues to expand uncontrolled and at very high levels, then the alternative of higher taxation is one of those things that would have to be faced.

"If the private sector is not to face an excessively high tax bill then public spending must be held firmly in check."

He added that the decision on whether this could be done by VAT or income-tax was a matter which would have to await any announcement in the Budget.

The damage that would result from excessive wage claims was a theme that ran throughout Sir Geoffrey's speech.

He emphasised that the Government was determined to control money supply and that there were no realistical alternatives to the present policies.

Once again, he rejected the idea of any Government imposed incomes policy. He also laid heavy stress on the role of the National Economic Development Council as a forum for economic debate and for government co-operation with the trade unions.

He attached particular importance to the meeting he would be attending with the TUC and CBI at the NEDC next Wednesday.

"If we understand the realities of what we are about and respect each other's point of view there is no reason why the CBI, the TUC and the Government should not be able to set aside outstanding differences in pursuit of a common objective," he declared.

The Chancellor indicated that he wanted to reform the system of capital taxation, help small businessmen and take measures to extend profit sharing schemes.

In approaching taxation policy, the over-riding need was to get Government borrowing down. But as and when resources became available, he intended to do more in the direction of fiscal reform.

Currently, he was reviewing capital taxation which was at present a haphazard accumulation of measures which restricted risk takers in business.

Sir Geoffrey said that he wanted to help small companies—those new and young businesses which were so important to the economy.

Therefore, he was looking at the possibility of "identifying further points where fiscal adjustments might be appropriate to assist firms of that kind."

He wanted to encourage more employees to share in the success of their companies and to get a far wider spread of profit sharing schemes.

He was now reviewing the possibilities in this field.

Turning to the economic outlook, he said that most forecasts agreed that there was a prospect of some decline in output for the year ahead. Thereafter, the forecasts became increasingly divergent.

"Of course our policies will not immediately transform the prospect," said Sir Geoffrey. "The Government has always made clear that our policies will take time to have their full effect.

"There are, however, solid reasons for hoping that the medium term outlook will be brighter."

He pointed out that the London Business School forecast expected that 1981 would be a better year and that the country could look forward to a steady improvement over the following years with growth in output and a fall in inflation.

Mr. Peter Emery (C., Honiton) intervened to remind the Chancellor that because of the low level of production, public exependiture was likely to increase as a percentage of the gross national product. Therefore, he argued, the expenditure cuts next year might have to be even greater, however unpopular that proved to be.

The Chancellor noted the wisdom of this question and said that this was one of the reasons why the Government had to keep up pressure on public spending.

Some argued that in these circumstances monearism by itself was not enough—as low monetarism was the totality of the Government's policies. But nothing caould be further from the truth.

It was at least equally important that there should be realism and responsibility in pay bargaining.

"In the context of firm control of money supply excessive pay settlements can only jeopardise output and employment," Sir Geoffrey went on. "There is no alternative to that proposition."

"The Government does not intend to interfere in individual pay bargains. Companies and workers that conclude excessive pay deals must understand that we shall not print money to finance this next year.

Sir Geoffrey Howe — Roger Taylor

Mr. Denis Healey — Glyn Genin

'End monetarist monomania'—Healey

BY IVOR OWEN

FACED WITH the prospect of falling output, the Government should abandon its "monetarist monomania" and allow public sector borrowing to expand beyond the figure implied in the Treasury's latest economic forecast.

Mr. Denis Healey, the former Labour Chancellor, put forward this argument in the Commons last night.

He again predicted that, sooner or later, Mrs. Thatcher will be forced to follow the example of Mr. Edward Heath and accept the need for a "U turn, which permits a wider mix of policies, including an attempt to reach an understanding with the TUC on incomes.

Mr. Healey claimed that many Tory MPs, including some members of the Cabinet, already recognised the need for change because they realised that the Government's over-reliance on monetarism was doomed to failure.

Everybody knew that a change had to come, he declared.

"Are we going to lose another 12 months of deepening and unnecessary agony before the Government has the courage to admit its mistakes?"

Mr. Healey warned that, without a change in existing policy, there would be tens of thousands of bankruptcies, hundreds of thousands of workers thrown out of their jobs, and millions of miserable families struggling to keep pace with rising mortgage interest rates.

Backed by Labour cheers, the former Chancellor protested that the threat of these dire consequences loomed over the country simply because the "imperious vanity" of the Prime Minister, which prevented her admitting that she could ever be wrong, was delaying the inevitable moment when she would follow the precedent set by Mr. Heath.

So far, he said, the Government's only response to being faced with the total collapse of its policies—" a really spectacular collapse "—had been to double and redouble on a busted flush.

With the economy slithering towards the precipice, the Government, instead of holding out a hand to help it back, was delivering a smart blow with the boot in the middle of the back to send it tumbling over the edge.

Mr. Healey contended that great damage was being caused through the absence of an agreed policy with the trade unions on pay.

The situation had been made worse by the measures taken in the Budget which had sent up the retail price index and to try to control the level of pay settlements by the money supply alone would not work.

"Most employers will face the risk of bankruptcy in six months than the certainty tomorrow.

"They will put up with cut profit margins, they will cut investment, and raise their prices rather than risk a damaging strike which will put them out of action."

From the unions' point of view, excessive wage rises seldom led to the loss of jobs by the workers immediately concerned.

School leavers looking for a job for the first time were more likely to suffer.

Mr. Healey agreed with an estimate that the going rate in the current pay round had now probably reached between 20 and 25 per cent in the private sector,

Mr. Healey also forecast that if the present monetary policy was adhered to interest rates would have to remain "excessively high" at least right through next year.

This would mean a real and vicious squeeze on business.

He feared that this would mean bankruptcies among small firms on a "spectacular scale" in the next 12 months.

He was sceptical about forecasts that there would be an improvement in the economy after some two years of agony.

Where was the improvement to come from, he asked, when Government policies would have wiped out large areas of manufacturing industry.

"Where is the base on which the recovery can take place?"

However irrational it might seem, working people faced with a Government which had increased their cost of living would inevitably seek recompense through wage increases.

They would not be deterred by the fact that inflationary wage increases could only produce further increases in the cost of living later on.

Mr. Healey welcomed the discussions which the Government would have with leaders of the TUC and CBI at next week's meeting of the National Economic Development Council.

But he accused the Government of failing to respond to earlier approaches on the pay issue made by Mr. Len Murray the TUC general secretary, and other union leaders.

"The response by the TUC to any approach by the Government at present was bound to be affected by the decision to force the resignation of Sir Leslie Murphy and the other directors of the National Enterprise Board.

Mr. Healey maintained that it was not possible to contain inflation by control of the money supply alone.

Experience had shown that to control the money supply was as difficult and as uncertain as to manage demand.

To suggest that the money supply could be controled entirely through interest rates was to go against experience on both sides of the Atlantic.

He indicated that he was moving to the view that it would be necessary to revert to some direct control over bank lending.

Mr. Healey urged the Government to agree to an increase in the Public Sector Borrowing Requirement next year to a figure above the £9¼bn or £9½bn implied in the latest treasury forecast, when arguing that a degree of demand management was essential to prevent the underuse of industrial capacity.

Spending rises above estimates

By Peter Riddell, Economics Correspondent

GOVERNMENT SPENDING in the first half of the current financial year was above expected levels.

This is indicated by the statement accompanying the winter supplementary estimates published yesterday by the Treasury. The Government is seeking Parliamentary authorisation for increases totalling £2.05bn, but these rises are within the published cash limits and the revised plans in volume terms for 1979-80 recently published and also within the latest borrowing requirement forecast.

The Government prepares profiles on the phasing of planned public expenditure over the financial year to come. This is intended to aid monitoring of spending. Total expenditure voted by Parliament between April and September amounted to £25.41bn, which was 1.3 per cent over the profile figure.

Cash limited expenditure, roughly two-thirds of the total, amounted to £15.83bn in the period. The profile of the expected quarterly pattern of spending suggested that 46 per cent of the cash limits would have been spent in the first half of 1979-80, but the actual proportion is 47 per cent.

At the end of the first half of the 1978-79 financial year, when the profiles suggested that 47 per cent would have been spent, expenditure on cash limited services amounted to 46 per cent of the limits.

These figures underline the tight squeeze faced by the Government if it is to meet its borrowing target for the current financial year, though spending in the second half of the year will be affected by the *Budget measures.*

Cut fat not muscle urges du Cann

THE CHANCELLOR'S statement on the economy provoked mixed reactions in the Commons last night.

The cuts were not adequate, and far greater ones should be made, said Mr. Edward du Cann (C., Taunton) chairman of the Conservatives' influential backbench 1922 Committee.

He described the cuts as "praiseworthy," but added: "The scope is vast and more can be achieved without damage to the social fabric.

"When we do reduce expenditpre, we too often cut what is practical and what is valuable and very rarely what is superfluous. It is the fat that badly needs to be cut and not the muscle."

Road works

He gave as an example cuts in the future roads programme. These meant that there was less work available for private construction industry, and yet the Department of Transport had not discharged one single administrator.

Mr. du Cann complained that "we are spending far too little on roads in general."

"Hospitals are closed, but the desk brigade remains at full strength if not at full stretch," said Mr. du Cann. "Administrators will hardly ever cut themselves. I say they must be made to do so."

He suggested that junior ministers should become "financial secretaries" to reduce expenditure in their departments. Record interest rates were a direct result of the failure to reduce Government expenditure, he said.

He questioned whether Britain could continue to afford index-linked social security payments. Mr. du Cann suggested a new form of indexation—based perhaps, on production. He also criticised the narrow gap in rewards between workers and non-workers.

Mr. Enoch Powell (OUP Down S) said he had waited "20 years or so" to hear the principals declared "so clearly and firmly by a Government, and made, at any rate initially, the basis of that Government's action."

He said: "I want to offer my support and encouragement to the Government in maintaining that principal." The Government had confronted difficulties which it was impossible to forecast or estimate precisely.

There were three factors involved; the size of the Public Sector Borrowing Requirement, the rate of growth of the money supply, and the impact on the value of money as measured by the Retail Price Index.

Mr. Powell said: "The Government has undertaken a policy which requires to be persevered with over a series of years. It will levy its costs—which the whole nation has to bear for what has been ill-done—before the benefits are visible or are reaped."

No alternative

But there was one consolation for the Government, he added: "It is fortified on the course on which it has embarked by the fact that there is no alternative to it."

He labelled Mr. Denis Healey's speech as "a sustained plea for a resumption of inflation" by the former Chancellor.

Mr. Powell went on: "It is true the future of this country depends on a return to honest money again—even if we are the first and only nation in the world to achieve that."

The Government's priority for the next two years was not going to be tax reductions, but a continuous and a large reduction of Government borrowing

Speeches in a nutshell

'There is no sensible alternative to the policies we are following'—Sir Geoffrey Howe

'Are we going to lose another 12 months of unnecessary agony before the Government has the courage to admit its mistake'—Mr. Denis Healey

'Hospitals are closed but the desk brigade remains at full strength'—Mr. Edward du Cann

'The future of the country depends on a return to honest money, even if we are the first and only nation in the world to achieve that'—Mr. Enoch Powell

● INTRODUCTIONS: The Bishop of Chichester, the Rt. Rev. Eric Waldram Kemp, 64, was introduced into the House of Lords yesterday. Former House of Commons Deputy Speaker, Mr. Oscar Murton also took his seat in the Lords as Lord Murton of

Labour denies abortion filibuster

MPs examining proposed abortion law reform today set themselves a punishing timetable to reach agreement on the changes by late January.

The Parliamentary committee investigating the Bill, which seeks to reduce the upper legal time limit for abortion from 28 weeks to 20 weeks, will now convene mornings and afternoons on three consecutive days each week.

The move, by the Bill's sponsor, Mr. John Corrie (C., Ayrshire N and Bute) brought an angry reaction from Labour opponents.

They said they resented accusations that they were filibustering and claimed that inadequate time had been given for proper consideration of certain matters.

Although the committee last week voted in favour of the 20-week time limit, there is still some confusion following statements by Dr. Gerard Vaughan, Health Minister, and a 22-week limit is a possibility.

Dr. Vaughan previously told the committee that medical advice to the Government was overwhelmingly for 24 weeks.

But last week he said that one of Britain's leading experts on premature baby care and nsvival believed the committee should reduce the limit to 22 weeks because of thec increasing possibility of a foetus being born alive at 24 weeks.

Dr. Oonagh McDonald (Lab., Thurrock) yesteday challenged the 22-week recommendation with further evidence from a senior lecturer in pediatric genetics at the Institute of Child Health, Professor Marcus Pembrey.

a letter read to the committee, Prof. Pembrey urged the rejection of any proposal for below 24 weeks, as this would not allow proper prenatal diagnosis.

Although MPs now face marathon sittings—in addition to their other Parliamentary duties—Mr. Corrie said he was prepared to negotiate the timetable if his Bill's opponents could guarantee to complete the committee's investigation by January 23.

He was criticised by Mr. Willie Hamilton (Lab., Fife C), who complained that Mr. Corrie had made virtually no contribution to the committee's proceedings although he had been very vocal on television and radio.

Mr. Hamilton claimed Mr. Corrie had spoken for only 45 minutes during the 15½ hours that the committee had met so far.

The committee will resume its hearings next week.

'Wait and see' on elections

THE GOVERNMENT neatly sidestepped a challenge to commit itself on the controversial proportional representation system of elections.

Despite an Opposition attack on the proposals to introduce the system for electing members to the European Parliament, Sir Ian Gilmour, Lord Privy Seal, told MPs in the Commons they would have to wait and see.

The Government was awaiting the European Parliament's proposals befor ecommitting itself to any view point, but he indicated his own support for the system.

Heath cautious on cuts

By Elinor Goodman

MR. EDWARD HEATH yesterday made his first public pronouncement on the Government's expenditure cuts.

The former Prime Minister implicity acknowledged the need for economies but he cautioned against using a crude across-the-board approach.

In doing so, he echoed the views of a fair number of Tory backbenchers who, while strongly supporting the Government's determination to reduce waste in state spending, are rather worried about certain specific cuts.

Mr. Heath, who was Prime Minister between 1970 and 1974, was speaking to the Charities Aid Foundation. Since the War, Britain's welfare services had, he said, been influenced "more by the condition of the economy than by an assessment of individual needs."

The danger now was that the present round of public expenditure cuts would repeat this pattern.

The choice about what should be cut was not a "crude" one between either retaining a service or cutting it, he said. A balanced approach was necessary.

Using the voluntary sector as an example, he suggested that in some areas, small funds of additional money might have to be spent to achieve far larger savings in the long term.

● UNEMPLOYMENT: More than 337,000 people registered as unemployed last month had been out of work for more than a year, according to the latest Government figures. Of those, 264,997 were men, and 72,086 were women. Employment Under Secretary Jim Lester said yesterday.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Talking from a distance

DEVELOPED BY Neve Electronics International is a speech terminal that allows a group of people at one end of a telephone line (leased, not public network) to conduct a conference with a similar group elsewhere in the UK, or, given suitable lines, overseas.

Approved by the Post Office, the system consists of a free standing microphone, free standing loudspeaker and a box of electronics measuring 19 x 12 x 1½ ins. One aspect of the circuit design is the introduction of a 5kHz shift of frequency between ends, preventing positive feedback and the resulting generation of "howl-round."

The company believes that with the steep increases of fuel costs, with others almost certain to follow, the "Teleconference" system will be seen as a sensible alternative to travel performed simply for the purposes of discussion. Larger companies with existing leased lines should find the idea particularly attractive.

More from Cambridge House, Melbourne, Royston, Herts. (0763 60776).

Better wire photographs

BLACK-AND-WHITE photographs transmitted over radio or wire links can be received with greatly improved tonal quality. A new type of facsimile receiver uses a Siemens laser tube, in conjunction with sensitised paper, to reproduce all the shade values of the original photograph. This advance will primarily benefit the Press by speeding up the transmission of monochrome prints. A typical transmission time for a photograph is between six and nine minutes.

All wire-photos transmitted over land lines or radio links reach the picture receiver as frequency-modulated (fm) or amplitude-modulated (am) signals. Fm is used exclusively *for radio transmission. In all* cases, the modulation sensitivity of the facsimile receiver largely determines the picture quality. What is required is the reproduction of all shade values in fine gradations from black to white. The new laser tube permits 100 per cent modulation and, therefore, has the capacity to receive all tonal gradations.

Using a special resonator geometry and a different gas pressure, Siemens has succeeded in boosting to 100 per cent the hitherto restricted modulation capacity of laser tubes. The new He-Ne laser tube, designated LSR 7625, is 298mm long, 36mm diameter and has an output power of 0.4mW.

The laser tube is used in a new photo-facsimile receiver (TM 4006) produced by Rudolf Hell GmbH—a Siemens subsidiary. The receiver automatically records on a roll of dry photo-sensitive silver paper. After reception the photo is thermally processed to provide the finished print.

Siemen's House, Windmill Road, Sunbury.

Exchange is improved

TELEPHONE RENTALS reports that its PDX private automatic telephone exchange, using stored program digital techniques similar to those of System X, has been type approved by the Post Office.

Providing advanced user facilities ranging from dialling from computer memory to automatic re-routing of calls from one extension to another, the system can at the moment cater for installations up to 800 extensions and 120 lines. Larger models are in the pipeline.

Apart from speech, such systems will eventually be able to deal with high-speed text, facsimile and data communications traffic, equipment for which is in an "advanced state of development."

The company says that it has already taken orders for 50 systems, of which 14 are in service.

TR House, Bletchley, Milton Keynes MK3 5JL (0908 71200).

● HANDLING

Products travel by tube

MATERIALS can be conveyed horizontally, vertically, and on inclined planes by means of an unusual system devised by Simon-Solitec (Simon Engineering Group).

It has been called the Solitube and comprises a continuous rubber tube formed into a "teardrop" shape held closed by spring clips and carried and supported by two parallel rubber drive belts. To pull open the tube for filling or discharge, rollers push downwards and outwards on to the drive belts. For filling, a tube is inserted into the resulting aperture, and to discharge, the whole tube is turned through 180 degrees and emptied by gravity.

Feeding and discharging points may be opened or closed when required by hand or automatically. Several feeding points can be open at the same time to receive various materials simultaneously and multiple discharge stations can be arranged to cater for discharge at any one of several points.

There are no limitations on the length of a Solitube scheme and capacities range from under ten to more than 300 cubic metres an hour.

Full details of the system can be obtained from Simon-Solitec, Bristol Road, Gloucester GL2 6BY (0452 38511).

Marketing agreement

MAKER OF Accrafill range of gravity bag filling and weighing machines, Gravity Packing Systems of Warrington, announces an agreement which now allows the equipment to be marketed by MJP Machinery, Altham Industrial Estate, Altham, near Accrington, Lancs. (0282 78121).

Four models of the machine are available: two for open filling, and two with dust reducing valves. All are powered by gravity alone and are capable of filling and weighing bags or sacks from 15 kg to 50 kg at a production rate of about three bags a minute to weights and measures standard.

Because they feature two alternating filling heads, the machines can be operated by one man on a continuous basis.

● LIGHTING

Lamp stays clean

LOW CONSUMPTION lighting fittings that will stay relatively clean in the difficult environment of steel, paper and mining industries have been developed by A. Ahlstrom Osakeyhtio in Finland.

The units are intended for use with mercury vapour or high pressure sodium vapour bulbs and a typical fitting, measuring 690 x 530 mm diameter can accept 400 or 250W bulbs.

A filter unit purifies the air flowing into the fitting as the bulb cools down, preventing the entry of dust, moisture or corrosive gases. When the lamp comes on again the expanding, outward flow of warm air cleans the filter.

A rim extends beyond the edge of the glass face and holds a cushion of warm, still air in front of the light, deflecting contaminated air and helping to prevent dust from settling on the glass surface.

Called i-Valo, the range includes a portable 125W model, a variety of overhead fittings with ratings from 125W to 1000W, and powerful bracket-mounted spotlights of up to 1000W.

More from the company at Iittala Works/i-Valo, SF-14500, Iittala, Finland.

● TEXTILES

Yarns made strong and even

EARLIER this year a completely new system of producing a textile yarn was announced. The process, called "Coverspun" consists of taking sliver and drafting these fibres until they are of the required fineness for a yarn. These untwisted fibres are then wrapped with a fine strand of synthetic filament yarn which holds them together to give the textile manufacturer a particularly strong and even yarn.

Initially the idea was confined to the production of yarns in the worsted range of counts and upwards and it looked as though the process was destined to be limited to a small segment of the textile industry. An important advance has been reported for the "Coverspun" process by Leesona (Unity Works, Broadfield, Heywood, Lancs. OL10 3DP. Telephone 0706 60611).

Research into the concept has proved that it is possible to have a system which is not confined to longer-length fibres. Shorter *cotton-type staples may* also be processed into very fine count yarns on the Coverspun machinery. In addition to this the company has been able to extend the process even further. By incorporating in the core of the new type yarns a strand of elastomeric or "Spandex" yarn it is possible to make an elastic yarn. This is a major step in view of the fact that the new, finer yarns are in the count range required for producing such fabrics as denim and the current fashion swing is towards stretch denims and even corduroys and velvets, where again these yarns could be utilised to provide a stretch backing for the pile fabrics.

● QUALITY CONTROL

Test equipment pact

AGREEMENT between the British Steel Corporation and Balteau Sonatest provides for the manufacture and marketing by Balteau of non-destructive testing systems for tube and billet testing.

The systems mainly use ultrasonic and electromagnetic methods of flaw detection, and have been developed for the on-line production testing of seamless welded and finned tubes from 13mm to 560mm diameter, as well as square billets of up to 145mm square section.

Several rotating ultrasonic probe units with rotational speeds from 350 to 5000 rpm and accommodating up to 12 ultrasonic transducers will be included, as well as a range of weld inspection systems including ultrasonic and eddy current units and weld line tracking. There will also be an ultrasonic billet testing unit for internal inspection. Many of the systems also use the modular electronic system "Seemac" for transducer operation and signal processing.

Developed by research engineers at the British Steel Corporation for use within the Corporation's own plants, the systems are intended to operate at production speeds in *harsh environmental conditions.* They attracted interest from outside industries, both home and abroad, and in view of the apparent market potential it was decided by BSC to assign further production to a company competent in this area.

Balteau Sonatest was selected by BSC from a short list of specialist firms as being the best suited to manufacture and market the systems.

This new agreement will lead to an appreciable expansion of Balteau Sonatest's Systems Engineering Division.

Balteau Sonatest, Milton Keynes 0908 316345.

● STORAGE

Shelving joint venture

SETTING UP of a joint venture in Germany with PEKO GmbH of Monchengladbach - Herrath has been announced by Savage Industries which manufactures Spur adjustable steel shelving.

Spur is investing £500,000 on new plant at its Watford, Herts. factory. Among the latest equipment to be installed is a powder coating plant for finishing shelving components and a packaging plant which wraps *shelf brackets and uprights in* plastic packs.

Exports of Spur shelving to Germany already account for 16 per cent of the company's sales to Europe.

● PLASTICS

Thin-wall components

BLOW MOULDING services for the design and manufacture of thermoplastic thin-walled components are available from the Hallite Bellows Division of Hallite Plastics, Nottingham.

Components manufactured by blow-moulding are low in cost, especially when quantities exceed 10,000 a year. There can also be technical advantages over metal or rubber counterparts. These generally fall into three main categories: resistance to contamination by aqueous and gaseous substances; meeting environmental conditions and ability to match particular stiffness requirements associated with the use of the component.

Hallite's service is based on techniques and tooling used successfully over the past two years for the manufacture of a range of polyurethane bellows.

Battenfeld blow moulding machines used are capable of handling components up to 305 mm (12 inches) in length or 140 mm (5½ inches) diameter subject to a maximum blown volume of 2.3 litres (140 cubic inches). Components can be moulded in virtually any colour.

This enables existing colour schemes to be matched, or components colour coded, for instance, to distinguish size, model variation or maintenance cycle.

Hallite, Wigman Road, Aspley, Nottingham NG8 3HY. 0602 292171.

● POWER

Keeps the system going

OPERATORS of large computer installations have, for years, been able to protect their computers from the effects of mains power cuts by installing computer grade uninterruptible power supplies (UPS).

Increasingly, these specialised power supplies are all-electronic systems, that maintain uninterrupted AC power during a power cut, and also protect the computer from the short-term fluctuations in voltage and frequency that are typical of the commercial mains supply.

Chloride Transipack — one of the UK's longest established companies in this area of "computer" grade static systems—has introduced equipment that will enable small computer systems to be protected in the same way.

Called "Transivert," it consists of compact units specifically designed to ensure uninterrupted AC power for business computers, word processors, intelligent terminals and other computer systems in the 2.5 to 10kVA rating range.

They give a computer grade uninterruptible supply at 240/415V or 220/380V, either 50 or 60Hz. There are four models in the range, with power ratings of 2.5, 5, 7.5 and 10kVA. Regulation of the output voltage is excellent—the voltage level deviates by less than 5 per cent when the load is increased from 0 to 100 per cent.

During power cuts, the Transivert sustains power to the computer, drawing its requirements from storage batteries. These batteries — normally located in an adjacent cabinet or room — can be either lead acid or nickel cadmium, and in either case can be of the sealed, maintenance free type. The total capacity of batteries selected will depend on the anticipated time period for which the Transivert must sustain power during a power cut, and the size of the electrical load made up by the computer and peripherals.

Very compact, compared to previous generations of equivalent power supplies, they owe their small size to the use of transistor rather than thyristor techniques for the static inverter. All have a base area of 830 mm by 455 mm. The two lower power units are 1,300 mm high, and the two larger 2,060 mm high.

Chloride Transipack, Napier Road, Bromley, Kent. 01-460 9861.

● COMPONENTS

Moulded-on plugs

MANY BELIEVE that the number of accidents due to wrong or inadequate wiring of mains plugs could be reduced by each appliance being sold with a moulded-on plug.

One such company is Pendle Connectors which has developed a product that meets with BS 1363A where relevant and is accepted by the British Electrotechnical Approvals Board. It also has the endorsement of the Electricity Council and the Department of Prices and Consumer Protection.

The plug is a one-piece design with an outer casing of tough pvc and the three pins are retained in a hard plastics base making them totally immovable. Wires are secured to the pins by a crimping operation which it is claimed obviates any possibility of even a single strand of wire straying from an internal connection. The pins are also covered with a nylon shield.

Incorporated in the plug is a cable grip which extends beyond the body to give protection against undue flexing, and a replaceable fuse is enclosed in a protective carrier which is accessible from the underside.

Lead assemblies produced by the company are all given continuity, voltage flash test and a resistance test to detect less than perfect contact.

More from the company at Frederick Road, Salford, Lancs. M6 6AP.

JOBS COLUMN, APPOINTMENTS

More now care where they go to, at least

BY MICHAEL DIXON

"SO YOU want a job outside the United Kingdom; right then, which country do you have in mind?"

That is one of the questions asked each year in the survey of people's reasons for wanting to work abroad, made by Overseas Recruitment Services which specialises in exporting employees either in bulk or individually.

Of those who were asked the question last year, rather more than a tenth replied that they didn't care where they went; they just wanted to leave the UK. In this year's survey of nearly 700 folk, made in July and August, the "anywhere-but-heres" were down to 4 per cent which, good news being scarce, might occasion the odd extra gin and tonic in Government quarters.

Among those with destination in view, the first preference continued to be the Middle East, with the exception of people aged under 20 who distinctly preferred Europe.

But I doubt whether the ORS survey provides fair reason for keeping the gin bottle on the Cabinet table.

True, the proportion of would-be emigrants citing the UK tax system as their main reason for leaving is down from 10 to 6 per cent. But half of the tax-repelled fraternity were earning only £4,000 to £7,000 and in general there was a 5 per cent rise in the number of 26- to 30-year-olds, largely at the expense of the 30-plus age group. Even more disquieting was that while no one taking part in the two previous annual surveys quoted lack of suitable UK employment as their main reason for self export, 2 per cent did so this year.

Batch abroad

AS IT HAPPENS, today also brings several jobs abroad from globe-trotting recruitment consultant John Fulford of Grosvenor Stewart. He may not name the employers, and so promises to abide by any applicant's request not to be identified to the clients until permission is given later. Inquiries to Mr. Fulford or to the other consultant named at Hamilton House, Hitchin, Hertfordshire, telephone 0462 55303, telex 25102 Chacom G, GS.

First John Fulford is offering a Paris-based job directly responsible to the vice-president for Europe of a United States multinational concerned with medical and consumer products. Although entitled European marketing manager, the newcomer will also be involved in business development in the large sense. So the preference is for a business manager, with line experience, who is also skilled in the international marketing of similar types of product, rather than for a heavily specialised marketer. The group works in English, but fluent French is desired albeit not essential. Age up to 45 or so. Salary about US$60,000. Perks include car, and help with housing and children's education.

Next Mr. Fulford is seeking someone smoothly and immediately transferable into the Belgian culture and completely fluent in French to be personnel director of a subsidiary of another U.S.-owned group, again in the medical field. Based in Brussels and responsible to the subsidiary's general manager, the newcomer will need not only an understanding of Belgian law as it affects personnel management, but also experience of *international personnel work*. This is because the director will have the additional role of trouble-shooting elsewhere in Europe, in Africa and in the Middle East. Main emphasis will be on recruitment and remuneration. Age 40 to 50. Salary indicator about US$45,000.

Denmark, probably Copenhagen, will be the base of a marketing manager with international experience in the pharmaceuticals or a closely related business, being sought by Grosvenor Stewart consultant Roger Bryant. Once more, the employer is a subsidiary of a big U.S. group. The need here is for a marketing expert who can also manage, and candidates must be culturally transferable to work in Scandinavia even if they do not speak Danish yet. Starting salary will be around U.S.$30,000.

Fourth in the batch, being dealt with by John Fulford, is a market research manager's job, European in scope, although based in "the north of England." Yet again, the employer is a U.S. group in the medical products business which is about to put much effort into exacting study of market opportunities in each country of Europe. Candidates are expected to be up-and-coming market-research adepts, aged 28 or a bit more, willing to do a fair deal of travelling. French or other foreign languages would help. Salary indicator around £9,000.

The Grosvenor Stewart batch ends with offers, by way of consultant Terry Jones, to a brace of my fellow hacks. These are wanted as editors of two magazine, to do with the life sciences, soon to be added to the range of a family-owned business which, although small, publishes several internationally circulating journals. Hence candidates would find working knowledge of French and German useful. Responsible to the chief executive and based to the south of London, the editors will need experience both of writing and of magazine production. Familiarity with agriculture or health-care would be a big advantage. Salary indicator around £12,000. Perks include car and profit share.

Another two

ONWARD TO recruitment consultant Dirk Degenhart, who is offering two jobs on behalf of un-named clients and makes the usual guarantee about applicants' requests not to be identified.

His list opens with the job of marine services manager in the UK subsidiary of an international group involved in engineering and electronics. Responsibility to the appropriate divisional manager covers the servicing of the marine manifestations of such technologies mainly in the British Isles, but also anywhere in the world when the need arises. So there will be travel from the base west of London. The prime tasks are development of a further range of services, and the maintenance of high standards of work. Candidates must be versed in the marine industry enough to know the servicing requirements of shipping lines, agents and engine-builders. A shrewd commercial eye for market opportunities is wanted as well. Major European languages in addition to English would help. Salary negotiable around £12,000. Inquiries to Mr. Degenhart at 140 Sloane Street, London SW1X 9AY; tel. (day) 01-730 0341, (night) 01-994 2157.

The same goes for inquiries about the job of engineering director, based in "central England," of a UK group manufacturing a wide range of electrical capital equipment, associated control gear, and power and control electronics. Candidates, probably aged 30 to 50, are likely to be high-grade managers in fairly large capital-equipment manufacturers, and have demonstrable success in development engineering. Responsibility is to the managing director. Salary indicator is £15,000-plus. Perks include car and bonus. English is the only essential language but—as in all the previous jobs—candidates could come from anywhere provided they are culturally transferable to the main place of work.

Economic Analysis & Planning

North Sea Oil — London

Conoco is one of the world's top 10 oil and energy companies. The U.K. is the company's largest and most important area of operations outside the U.S., with activities covering every aspect of the business – from North Sea exploration and production, through refining to transportation and marketing.

We are now seeking an Economist (male or female) to join our Economic Planning Division, based in London's West End, to carry out economic and financial studies related to our North Sea operations. Working on both existing and proposed undertakings, you will appraise investments with particular reference to tax matters; assist in the development of general long range plans and strategies; and generally keep abreast of relevant Government legislation and industry activities.

With a degree in an engineering or business discipline, you should have at least five years' industry experience, which should include some time in a planning/economics environment. A knowledge of cash flow techniques of economic appraisal is essential, preferably combined with an understanding of basic tax concepts as applied to U.K. oil production. You will be accustomed to identifying key issues and presenting conclusions from large amounts of data.

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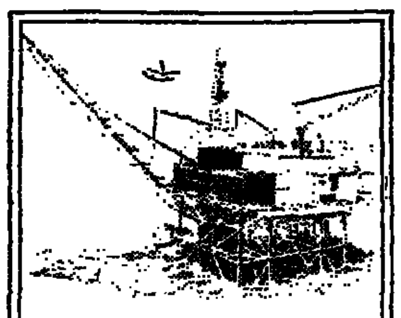

Please telephone for further information and an application form or write to:–

Steve Brown,
Conoco North Sea Inc.,
Park House,
116 Park Street,
London W1Y 4NN.
Tel: 01-493 1235.

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CHEMICALS ANALYST £10,000-£14,500

Open to Candidates aged 26-35 with a minimum of three years' analytical experience in the chemicals sector. Responsibilities will be similar to the above except that this position relates to the analysis of U.K. and European chemical companies. Reference: CASE 3951/FT.

INSTITUTIONAL SALES EXECUTIVE £12,000-£18,000

Applications are invited from Institutional Sales Executives aged 25-35 who have established useful ties with U.K. Institutions, and may now be employed either by a Stockbroker, Merchant Bank, Insurance Company or other financial organisation. Responsibility will cover the selling to U.K. Institutions of mainly European and domestic chemical and oil shares. A persuasive and a polished manner is important. Reference: ISE 3952/FT.
Remuneration as quoted by way of a high salary and bonus is negotiable, plus non-contributory pension, and assistance with removal expenses. Applications in strict confidence, quoting the appropriate reference number, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

International Finance

We are a reputable international finance group based in Munich, with a consolidated balance sheet total approaching the DM billion mark this year.

In view of the exceptional growth of our company, we feel our management would benefit from the addition of a

Personality

with international experience.

The position is open to applicants from the fields of banking, insurance or property, but financial *experts from industry or portfolio management would be equally suitable.*

What matters most, however, is the personal angle, applicants' integrity and their ability, based on experience, to spot opportunities and risks. The ability to put our ideas into practice also involves specialised knowledge of international tax law.

Applicants are expected to speak English well enough to negotiate at Board level and, exceptional cases apart, there is an age limit of forty.

The position offers opportunities of a kind rarely found elsewhere.
Please telephone Mr. H. Schmücker and Mr. R. Kainz in the first instance to obtain full details *of the position. Any enquiry will, of course, be treated in the strictest confidence. Written* applications should be addressed to Kienbaum Chefberatung, Postfach 1509, 5270 Gummersbach 1, under reference 980790.

Kienbaum Chefberatung
Gummersbach, Düsseldorf, Berlin, Bonn, München, Brüssel, Luxemburg, Wien, Zürich, São Paulo, Buenos Aires, Mexico City, San Francisco, New York

Company Tax Specialist

We have a career opening in our taxation and corporate structure department at Shell Centre for someone with practical experience in U.K. corporate tax. While initially the work will be concerned mainly with the submission of U.K. corporation tax computations and handling technical problems arising in connection with them, involvement in more complicated and challenging matters will follow as experience is gained. Opportunities could arise later for a transfer to work on foreign taxes, either in London or overseas, or to other finance divisions.

The successful applicant will be either a qualified accountant or a fully trained Inspector of Taxes and will have at least two years' post-qualification experience of company taxation. Preference will be given to candidates who are under 30 and hold a university degree.

A five figure salary will be offered commensurate with age and experience. In addition we offer a wide range of company benefits. Please write or telephone for an application form to:

Shell International Petroleum Company Limited, Recruitment Division (FT) (PNEL/21), Shell Centre, London SE1 7NA. Telephone 01-934 2495.

Shell

FOOD IMPORTERS

Est. 23 years

LONDON E.18
(South Woodford)

Require experienced person in Import/Sales of raw materials for Food Industry. Also required a young assistant.

£5,000 to £8,000
505 4623

CONSULTANCY MARKETING

The UK Director of a leading international (U.S.-based) research organisation is looking for an assistant to join the staff of the central London office. The organisation is a world leader in management consulting, business development, economic, social and scientific research. Its activities are well-established and fast developing in Europe.

Growth of business in the UK has created the need for an additional member of staff to take over some of the activities at present discharged by the Director and his assistants. These include:

- supervision of and participation in campaigns designed to promote research programmes and facilities;
- conferences and seminars;
- client meetings;
- office administration.

The job requires an individual with a lively interest in current affairs and general developments in the business community, science and technology. The successful candidate will blend into a varied environment; a background in consulting, marketing, PR or media would be appropriate; probable age range 35-50.

Conditions of service are good and a five-figure salary is offered.

Interested candidates should send short career résumés to:
Box A.6982, Financial Times
10 Cannon Street, EC4P 4BY

Young Accountants...

...seeking experience and a challenge?

With continuing growth and diversification a major retailing group needs two ambitious young qualified accountants to strengthen its internal audit team where the emphasis is on constructive appraisal and not routine checking.

Computer Auditor c£9,500+car
To play a positive role in the improvement and rationalisation of systems and hardware with emphasis on evaluating their effectiveness, monitoring security arrangements and ensuring adequacy of audit trails.

Operations Auditor c£8,500+car
To review all aspects of the group's existing business and areas undergoing substantial development to determine the efficiency of operational and financial controls and procedures.

Based **North West of London**, the majority of assignments will be within daily travelling distance. Experience to be gained is considerable and will provide a sound base for career development either in this function or in line management.

Salaries are negotiable and will be reviewed in June 1980.

Contact David K. L. Tod, BSc, FCA, on 01-405 3499 quoting reference DT/376/AYF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

Divisional Accounting-Retailing

CIRCA £11,000 + CAR

Our client wishes to appoint a professionally qualified accountant in the age range 28-40 to take responsibility for its accounting function.

Candidates for this demanding role should have extensive experience in retailing, preferably in a computerised environment, and possess a sound background of staff management.

Responsibilities include the preparation of monthly management accounts, group reports and feasibility studies together with the supervision of a medium-sized accounts department.

Applications in writing with full c.v. to:
Messrs. Train Scott
9 Basinghall Street, London EC2

Godsell Municipal Limited

A Member of the Marlon House Group

Local Authority & Commercial Dealers

owing to increased expansion,
we require experienced dealers to join
a Professional Team

Apply:
The Managing Director on 01-377 7575
Godsell Municipal Ltd.
2-12 Wilson Street, London EC2

INTERNATIONAL AUDIT

Age 22-24 £-negotiable

A major North American Bank is in the process of expanding significantly its International Audit Division. This will necessitate the appointment of two ambitious young Bankers who seek a long-term but progressive career in one of the world's *leading* Banks. A substantial amount of world-wide travel will be an integral part of the job, and preference will be given to Candidate of single status.
Applicants will have a minimum of two years' general banking experience, and have attained or made considerable progress towards the Banking Diploma.
These positions would be particularly attractive to graduate/management trainees from within one of the Clearing Banks.
Salaries are fully negotiable, and fringe benefits include mortgage facility, profit sharing, BUPA, n/c pension scheme, and expenses while abroad.

Please telephone, in confidence, Mark Stevens.

BANKING PERSONNEL
41/42 London Wall·London EC2·Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

ASSISTANT OPERATIONS MANAGER—NIGERIA

Required energetic young man aged 25-30, with some commercial *or shipping experience* for three-year contract, good terms and conditions, as assistant operations manager of steel stockholding business in Lagos, Nigeria. Good advancement prospects for the right person. Interviews London early January.

Apply in writing to:
MTL METACO TRADING LIMITED
2 London Wall Buildings, London EC2M 5PS

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

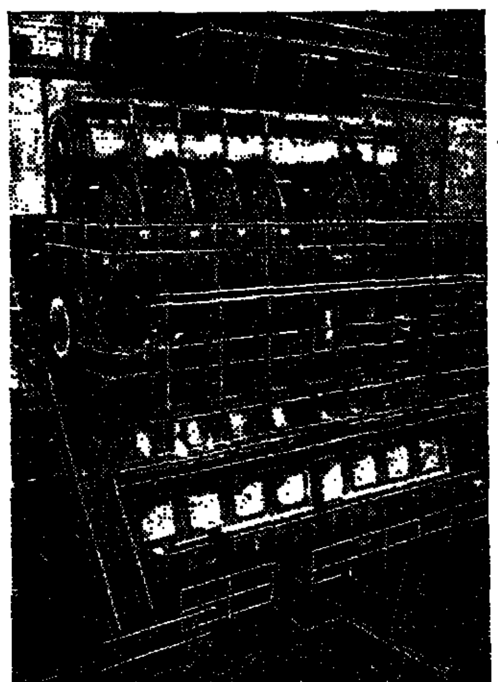
SENIOR FX DEALER c£14,000
An international American bank wish to recruit a highly experienced dealer (23-35) with active dealing experience which should have included spot trading in both dollar and sterling.
In addition to a highly competitive salary, the bank offers a range of attractive fringe benefits.
Please contact BRIAN GOOCH

JUNIOR EUROBOND DEALER £6,000+
An interesting opportunity exists within the Eurobond Department of an international bank for a person aged 21-23 with at least one year's previous dealing experience. ***Please contact NORMA GIVEN***

ACCOUNT OFFICER–ENERGY c£12,500
A major American international bank seeks a high calibre corporate calling officer with 3/5 year's experience in an energy related environment. Candidates should have a degree or professional qualification, and will ideally be aged between 25-32. ***Please contact ROY WEBB***

First floor·entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Managing Director for B&W Diesel AS in Copenhagen



B&W Diesel A/S is a Danish-based company which will commence its full operations on January 1, 1980, when the diesel activities of the Burmeister & Wain Group will be combined in one company.

These activities include the development and production and sale of diesel engines and the related service organization. The Company's budgeted turnover in its first year of operation is approx. Dkr. 1,000 million (£91 million), and its estimated equity will be Dkr. 300 million (£27.5 million). The Company will employ a staff of approximately 3,000.

B&W Diesel A/S will be owned to an equal extent by the Danish Burmeister & Wain Group and the West German M.A.N. Group, while a small shareholding will be taken up by a Norwegian shipowner and industrialist.

Independent Production and Development

Under the agreement entered into between Burmeister & Wain and M.A.N. the B&W diesel engines are to keep their separate identity, since B&W and M.A.N. are each to continue as independent producers of engines. Both parties consider this essential if their combined market share is to be maintained and expanded.

The Managing Director

B&W Diesel A/S wishes to appoint a Managing Director who has gained managerial experience in a senior post in an international industrial organization. The Managing Director will have a sound technical background, and training in marketing and management theory.

However, the prime requirement will be for a strong personality combined with an ability to motivate people and to co-ordinate the management of the Company's business. Importance will also be attached to a record of sustained success achieved through determined management.

The Managing Director will report to the Board of B&W Diesel A/S in Copenhagen, and applicants should send full career and salary details to the Chairman of the Board, Mr. Aage Robert Uth, Burmeister & Wain, Torvegade 2, 1449 Copenhagen K, Denmark.

Activities to be comprised in B&W Diesel AS

B&W Alpha Diesel

B&W Alpha Diesel designs, produces, and sells complete marine propulsion systems, mainly for small and medium-sized cargo vessels, supply vessels, tugs, large fishing boats, and ferries. Production takes place in one of Europe's most efficient plants for marine propulsion systems, and the activities of the company also comprise a global service and marketing network and a special foundry for the manufacturing of quality castings.

B&W Alpha Diesel employs a staff of more than 800.

B&W Engineering

B&W Engineering is responsible for the development and design of B&W diesel engines produced by other B&W divisions and a large number of licensees all over the world. In addition B&W Engineering occupies a leading position in development and sale of know-how and a wide range of advanced combined systems. The staff number 350.

B&W Holeby Diesel

B&W Holeby Diesel produces and sells four-stroke diesel engines.

The engines are used as auxiliary engines aboard large ships and as stationary installations for electrical power generation. In addition, they may be used as propulsion units for small and medium-sized ships. The company further produces spare parts and components for other B&W licensees.

The company has a staff of about 600.

B&W Marine Service

B&W Marine Service, situated at Christianshavn in the heart of Copenhagen, offers repair assistance to ships with B&W engines anywhere in the world at a few hours' notice. This is rendered possible through a global network of service centres, authorized repair shops and agents.

This division produces two-stroke slow-speed diesel engines primarily intended as marine propulsion units.

B&W Marine Service also has at its disposal its own production shop for spare parts and components, and a 75,000 sq. ft. computer-controlled stock with more than 17,000 different spare parts. This division employs a staff of 1050.

Hudson Shribman

Banking Recruitment Consultants

BANKING & FINANCE

MANAGER—GULF AREA: Ideally with management and corporate banking experience gained in M.E. environment. c. £14,000.

LENDING MANAGER: Applicants must be self-motivated and possess commercial lending experience. To £14,000.

F.X. DEALERS: Seeking further experience and a broader base, preferably with operations exposure. To £10,000.

QUALIFIED ACCOUNTANTS: We urgently require young high-calibre accountants for management and financial reporting and audit position with leading banks. To £9,500.

LOANS ADMIN. OFFICER: Must have relevant experience including security documentation. To £5,500.

We also urgently require Executive Eurobond Managers, Investment Managers, Investment Analysts and Assistant Loan Managers with Property and Personal Lending experience.

Please reply in first Instance to Mike Jackson

Hudson Shribman International Ltd
29-31 Mitre Street, London EC3
Tel: 01-283 1954

SENIOR LIFE & PENSIONS INSPECTORS

Gresham Life, a fast developing Life Assurance Company and now part of an International Insurance Group with assets exceeding £2,000 million, have a number of vacancies which offer outstanding career development opportunities in the following areas:—

CROYDON READING BRISTOL SOUTHAMPTON

These appointments offer early opportunities for advancement to Management and include:—

- Highly attractive salary
- Unlimited Incentive Bonus
- Concessionary Mortgage Facilities
- Company Car
- Non-contributory pension scheme including free life and sickness assurance.

If you are already successful as a Life or Pensions Inspector and are keen to advance your career, phone:—

Norman Nash,
Assistant General Manager (Sales)
Gresham Life Assurance Society Limited
P.O. Box 1,
2-6 Prince of Wales Road
Bournemouth BH4 9HD
Tel: 0202 767655 Ext 212

Gresham Life
ESTABLISHED 1848

Company Chief Accountant

Freight Forwarding & Travel Industry

c. £9,500+car - Essex

The first flush of youth sees many accountants reaching for the stars. Within a year of two of qualifying, many nearly get there. But the next decade tends towards disillusion, as, despite exploring every stone and leaving no avenue unturned, progress stops. This post could offer something at either end of the process. A young accountant will find real challenge: those seeking progress in mid career will find genuine openings. The company, based in Essex on the outskirts of London, has twenty-five other locations at all major ports and airports in the U.K. It is a leading international freight forwarding and port agency, which also has printing, travel agency and warehousing interests. It has a long history, and a good future as part of one of the biggest shipping-based groups in the country. It needs a Chief Accountant who is an all-round professional, can get the best out of people, and innovate without alienating. Please write, with full career details, to Malcolm Peel.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 9150/MDP.

BROOK STREET EXECUTIVE RESOURCES LIMITED
47 Davies Street, London W1Y 2LN. Telephone 01-499 7382
The Executive Selection Company of the BROOK STREET Employment Service Group

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Financial Management in Berkshire

Our client, a major international financial and management services company, has experienced rapid growth in the UK during the past few years and revenue is projected to reach £6 million in 1980. As a result, they now need to augment their management team by making two senior appointments, both reporting to the General Manager.

Treasury Manager

from £12,000 plus car

Significant funding requirements and the very sophistication of the business necessitate the appointment of a qualified Accountant or Banker, ACA/ACCA or AIB, 30+ and ideally a graduate to maintain a close liaison with the lending bankers and to assume responsibility for ensuring that all the terms and conditions of the loan agreement are met. This will entail the establishment and implementation of any necessary policies and overall supervision of credit procedures, determining the required level of support staff. Candidates should be familiar with syndicated loan packages involving major international banks and with all legal and technical aspects of such deals. Ref: 645

Financial Controller

c. £10,000 plus car

A personable, qualified Accountant ACA/ACCA/ACMA, 27/40, is required to take complete charge of the accounting and reporting for [illegible]. This will entail the introduction and maintenance of Group financial accounting procedures and routines utilising a recently installed mini-computer and responsibility for a staff of 13 including a Financial Accountant and two Assistant Accountants. Previous experience of both people management and data processing is therefore important as is expertise in accounting for another financially orientated service organisation. Ref: 650

Candidates, male or female, should write briefly or telephone for an application form, quoting the appropriate reference.

Management Personnel
Recruitment Selection & Advertising Consultants
York House Chertsey Street Guildford Surrey **GUILDFORD (0483) 64857**

FISCAL ACCOUNTING MANAGER

Central London **To £10,000**

Our client is a subsidiary of a large U.S. corporation which over recent years has established an exceptional growth record.

The successful candidate will be responsible for all matters pertaining to the production of fiscal accounts for specific geographical regions and the provision of advice to senior management on the impact of company operational developments and changes in local legislation in these regions.

Candidates will be qualified accountants, aged 26-30, who are self-motivated and have the presence to communicate effectively with all levels of a multi-disciplined management team.

There are excellent career development prospects both in the U.K. and various attractive overseas locations.

For further information and a personal history form please contact **Nigel V. Smith, A.C.A., or Robin F. Taylor, B.A., C.A., at 410 Strand, London, WC2R 0NS. Tel: 01-836 9501, quoting reference number: 2695.**

DOUGLAS LLAMBIAS
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 121 St. Vincent St., Glasgow G2 5HW (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

ASSISTANT TO INVESTMENT DIRECTOR

The Investment Director of one of the U.K.'s leading private shipping and insurance groups seeks a person in his/her mid 20's to assist him with the day-to-day management of the group' investment portfolios.

The position offers a unique opportunity to work in an independent operation within the group.

The successful candidate should possess the potential to develop an investment flair, and, ideally, might be a newly-qualified Accountant or graduate.

The prospects would include promotion to a more senior post in due course, either within the investment division or another section of the group.

The position carries the usual company benefits. Salary would be around £7,000.

Write Box F/598, c/o Hanway House, Clark's Place, Bishopsgate, London, EC2N 4BJ.

American Express International Banking Corporation
London

are seeking an

ACCOUNT OFFICER

for their U.K. business development team.

Aged between 25 and 35 the candidates should have a good credit background and several years experience in a British bank or an American bank branch.

Excellent salary and benefits.

Please apply in confidence to:

H. R. V. Wessel, Consultant,

NOEL ALEXANDER ASSOCIATES LTD.
International Advisers to Banks & Financial Institutions
70 QUEEN VICTORIA STREET. LONDON EC4N 4SJ

Top Executives

If you are finding your talents wasted—we can help.

In the serious business of marketing yourself MINSTER EXECUTIVE provides the professional, individual and comprehensive career counselling service that has achieved outstanding results.

After evaluating your full potential we direct you through every stage of the 'job search', furnishing you with material individually tailored to your specific needs, and counsel in the art of being interviewed.

As professionals we have an acknowledged standing in the employment market. We invite you to a preliminary discussion to discover why our clients have been so successful.

MINSTER EXECUTIVE LIMITED
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

ACCOUNTANT

For American Bank. The position requires someone who possesses an accounting qualification with a background in financial reporting, a knowledge of fiscal and tax relevant to Bank of England and U.S. regulations. The Accountant would also be required to supply professional advice within the bank. The successful candidate will be responsible to the Financial Controller and aged 26 to 38 years.

Salary: Circa £10,000 plus excellent fringe benefits

FX BACK-UP

European bank seeks high calibre FX back-up clerk with a minimum of 2 years' relevant experience. Applicants should possess the qualities to progress to the dealing room

Age: 20/25 **Salary: £5,000 negotiable**

EUROBOND SETTLEMENTS

Experienced, minimum 2 years Eurobond Settlements Clerk sought by American Bank in the City.

Age: 20/25 **Salary: £5,500**

BSB Banking Appointments
115-117 Cannon Street, London EC4N 5AX Telephone 01-623 7317 & 01-623 9161
Recruitment Consultants
These positions are open to both male and female applicants.

MIDDLE EAST Loan Officer

based London c.£12,000

Have you got commercial and credit training and corporate banking experience?

Are you a graduate or equivalent, bright, able and a self-starter, prepared to travel in the Middle East?

Have you got any European languages?

Are you aged about 25-30 and capable of rapid promotion, based on achievement?

If so — and you would like a career with a major US bank, please write or telephone Anthony Falcon, quoting ref. 252A.

COURTENAY STEWART INTERNATIONAL LIMITED
11 Maddox Street, London W1R 9LE.
Tel: 01-629 1913.

هكذا من الأصل

Reed Executive

The Country's most successful Recruitment Service

Group Accountant

South Bucks. *c £9,000 + car*

In recent years this UK-based service and manufacturing group has grown rapidly both organically and through acquisition, and is now a truly international organisation with a turnover between £25/£30 millions. Reporting to the Group Chief Accountant, your responsibilities will include, the production of group management accounts, annual accounts, board reports, and related management information, together with a number of other specific one-off projects. An A.C.A. with post qualifying experience in the profession or industry you have the ambition and drive to grasp the opportunity of joining a group, where your potential can be realised.

Telephone: 01-836 1707 (24 hr. service) quoting Ref: 0946/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

London · Birmingham · Manchester · Leeds

AMERICAN BANK

SECURITIES/FOREIGN EXCHANGE BACK-UP

circa £6,000 + 3% mortgage. Excellent opportunity for person with knowledge of accounting and preparation, FX settlements, bond custodians and types of securities/dividends, payments and taxation. Some knowledge of computer desirable.

Appointments on 01-606 4711

DEJA VU RECRUITMENT CONSULTANTS

CLUB SECRETARY

A well-known London Football Club requires a Club Secretary. A knowledge of book-keeping, payroll and general office routine is essential. Hours average 45 a week but peak during the football season to 55 and include frequent Saturday and occasional evening work. Applications, stating age, experience and salary to Box A.6979, Financial Times, 10, Cannon Street, EC4P 4BY.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Forecasting and Planning Manager

Qualified Accountant—probably 27+

London c £10,000

The autonomous UK Holding Company within a large multinational Group, is a major force within its sectors of the contracting and manufacturing industries. This is a new and significant head office appointment which could lead to promotion into line management. The successful candidate will play the key role in the preparation of periodic forecasts and in monitoring actual performance against these. The duties will entail deep and practical involvement in the activities of all the company's operating divisions. Candidates must be qualified and should have relevant experience gained within a contracting or related industry.

H. W. FitzHugh, Ref: 20107/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Managing Director

Engineering c.£12,000

Our client, one of the country's most energetic expanding public engineering Groups, already has a remarkable record of profitable growth induced by major investment programmes, acquisitions and vigorous decentralised management policies which now provide an outstanding opportunity for a young Managing Director to control a small subsidiary company in rural Oxfordshire.

The prime task is the direction and continued profitable development of the business by exploiting production and marketing opportunities based on technical excellence.

Candidates, male or female, should be aged 30-40 with a Degree in Mechanical/Production Engineering or Metallurgy and a well balanced career record of line management, ideally with some profit responsibility, in a high volume precision engineering environment. They must also be highly perceptive, creative and enthusiastic in the constant pursuit of their own, and the company's, goals.

Salary is truly negotiable around £12,000 p.a. plus a profit sharing scheme, Rover car, pension and life assurance schemes, with relocation expenses as appropriate.

Please write in confidence, initially with brief details, quoting reference 953 to John Anderson, as Advisor to the company, at:

John Anderson & Associates

Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ.

A large Irish Insurance Company wishes to recruit a young well qualified

Investment Analyst

with some years experience in stockbroking or in an investment institution. The person appointed will join a dynamic investment team and will report directly to the Investment Manager. He/she is probably in the mid twenties age bracket and a university degree or equivalent is considered desirable.

The company offers an excellent and progressive salary and other benefits which will be indicated at interview.

Applications giving full details of career to date should be sent in strict confidence quoting Ref. 501/486 to Stephen Spain

C&L

Cooper & Lybrand Associates Limited
Management Consultants
Fitzwilton House
Wilton Place
Dublin 2

Operations Director

Publishing and Distribution

Part of a well known group, the company is old established and, under new top management, the business has expanded rapidly since 1977 and further growth is in prospect. Turnover is currently about £7m. and operations are at several locations.

Reporting to the MD and with an established subordinate team, responsibilities will cover production planning and control, group purchasing, warehousing and distribution, as well as group in-house computing. A major task will be to up-grade planning and production control to meet the needs of growth.

Ideally aged around 40, candidates must have relevant operating experience in printing or in a similar industry, especially of computer based production planning systems. They are likely now to be at production director level in an appropriate manufacturing concern or, alternatively, at a similarly senior level in management consultancy.

Salary will be negotiable up to £20,000 with car and usual benefits. Location: London area.

Please write – in confidence – to W. A. Griffith ref. B.504.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Senior Accounting Appointment

West Africa

Our client, a major manufacturing company, within an International Group and a worldwide leader in its field is seeking a qualified and experienced accountant for a new senior management position within its W. African operations.

The Company's interests in this Region include a factory, trading company and various commercial offices, with an annual turnover in excess of £70m.

The successful candidate will be responsible for the creation, organization and development (including local staff recruitment and training) of the total internal audit function for these operations. Based in Lagos, the position will demand frequent travel between locations.

A substantial salary will be paid, plus furnished accommodation, a car, free medical care and child educational assistance. In addition, there is six weeks annual U.K. leave.

Personal career development, in due course, could be either in U.K. or elsewhere within the International Group.

Applicants should be qualified accountants, age 30-40 years who have acquired considerable auditing skills and knowledge at a senior level. A background which includes wide practical experience in industry or commerce would be advantageous.

Prior to taking up the appointment, there will be a period of training, mainly in the Company's European H.Q.

Please apply in writing giving details of qualifications and career to date to Position Number ABS 528, Austin Knight Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

Applications are forwarded to the Client concerned, therefore Companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

ACCOUNTANT

Stanlow-Cheshire

Shell U.K. Limited have a vacancy in the Finance function of their largest U.K. refinery at Stanlow, Ellesmere Port, Cheshire.

We are seeking an individual in the 25/35 age group, holding a recognised Accountancy qualification and with an industrial or commercial background.

There are several accounting activities within the Finance function and the readiness of the individual to adapt to redeployment (probably in a supervisory role) will be a criterion in selection.

Initially, however, the selected candidate will join the Finance Systems and Procedures Department, involved *in the selection, implementation and monitoring of* improved accounting and information systems. This will exercise the skills of problem analysis, human relations, office and accounting practices, whilst providing an ideal opportunity for seeing a wide range of refinery operations.

It is important that the individual selected has the potential to progress to more senior Finance positions, either at Stanlow or at other Shell Group locations.

A competitive starting salary will be offered dependent on age, qualifications and experience. There *is a contributory pension scheme, with retirement age of* 60. Assistance with relocation expenses will be paid where appropriate.

If you are interested, please write or telephone for an Application Form to:— Miss B. Davis, Head of Recruitment
SHELL U.K. OIL,
Stanlow Refinery, Ellesmere Port L65 4HB
Tel: 051 355 3600 Ext. 4587 or 4004.

Foreign Exchange Manager

Saudi Arabia

for a recently established joint venture bank with an expanding branch network.

The job is a challenging one – to set up and manage the foreign exchange department – and the salary, which is negotiable, will fully reflect the importance of the task.

Applicants, aged over 30, must have at least 3 years' experience managing a foreign exchange department.

Please telephone A. R. Duncan on 01-493 3551 for further information, or send brief career details, quoting ref. B.1104-1.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Financial Controller -

Bedfordshire *circa £11,500 + car*

Sidney C Banks Limited wish to appoint a Financial Controller who is of sufficient calibre to justify promotion to Financial Director on the retirement of the present incumbent in about 3 years' time. The principal business of the company which has an annual turnover of about £45M. is that of grain and seed specialists. The location of the appointment is at Sandy, an attractive village in Bedfordshire within easy reach of Bedford and St. Neots.

The Financial Controller will report to one of two joint Managing Directors and be responsible for all financial and accounting matters, with special emphasis on developing the company's accounting procedures, the preparation of periodic accounts and ensuring that realistic budgets and profit plans are set.

The successful candidate, preferably in his early thirties, will be a qualified accountant with at least 3 years accounting experience in a commercial company using modern planning and budgeting procedures. Experience of supervising accounting staff and practical experience of EDP is essential. He should offer personal qualities and dedication essential to maintaining and improving financial systems and controls in a flexible fast moving business, employing experienced trading management.

The commencing remuneration will be negotiated at around £11,500 pa plus a car and the company would contribute to the cost of removal expenses if the successful applicant had to move home to take up the appointment.

Candidates, male or female, can make application by quoting reference MCS/2080 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Head of Loans Administration

For an established and rapidly expanding force in International banking based in the City.

The principal rôle will be to manage all aspects of loans administration with some supervisory responsibility in general banking. Previous experience in loans administration including Eurocurrency dealing is essential.

For this worthwhile and permanent career opportunity, candidates earning less than £8,000 are unlikely to be appropriate.

For an application form, write or telephone, 01-248 6113, quoting reference 3271 to Neville Mills, Executive Selection Division.

165 Queen Victoria Street,
Blackfriars,
London EC4V 3PD.

Peat, Marwick, Mitchell & Co.

Swiss

54 years, retired, unattached, excellent health looking for job for few weeks/months per year.

Has held managerial positions for 26 years with internationally-known companies in Africa, Far East and Switzerland.

Fluent in English, French and German.

Free to travel anywhere any time.

Write Box F.1180, Financial Times, 10 Cannon Street, EC4P 4BY.

INTERNATIONAL BANKING

EUROBOND SALES
for major U.S. Bank
Age 26-30 years
to £15,000

LENDING OFFICER
Languages helpful
Age 28-35 years
to £12,000

SENIOR F/X DEALER
for European Bank
Age 25-30 years
c.£12,000

ACCOUNT OFFICER
Min. 2 years' marketing experience
Age c. 30 years
c. £11,000

CREDIT ANALYST
Qual. Acct. plus Banking experience
c. £9,000

For more details of the above positions and the many more we are currently handling, please telephone, in the strictest confidence, Mark Stevens (General Manager).

BANKING PERSONNEL
41/42 London Wall·London EC2·Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

MANUFACTURING DIRECTOR

Scope and challenge abound in this new appointment. It is with a British food manufacturer that has national brand recognition, market strength, a broad product range, and a growing turnover in excess of £60 million.

The challenge is to direct the total manufacturing resources to meet the growth of market demand with increasing efficiency. There are seven geographically dispersed factories throughout the U.K.

Responsibility for total cost line performance is to the Managing Director.

A record of substantial success in all aspects of production management and innovation within the food or allied industries is sought. Equal emphasis will be placed on the management of physical and human resources and technical competence. Standards of performance are demanding and the tempo is fast. A relevant graduate or professional qualification is necessary.

The reward by way of salary and bonus will match the demands of the job and the aspirations of able and ambitious professional production/manufacturing managers. Car provided.

Age: ideally late 30's. Location: rural North Midlands.

Letters from suitably qualified men or women should include a detailed curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
MANAGEMENT CONSULTANTS
8 HALLAM STREET, LONDON W1N 6DJ

Textile Consulting Firm managing several integrated cotton mills (Spinning, Weaving, Processing) in Africa, seeks:

a) GENERAL MANAGER

Candidates should have an excellent technical background as well as ability to control/supervise from the top the administrative departments (Accounts, Purchases, Sales, Personnel).

Applicants having held similar positions or alternatively with previous experience as Project Managers abroad will be given priority.

b) FINANCIAL MANAGER/ CHIEF ACCOUNTANT

Candidates should be able to:
- Introduce a suitable accountancy system (Finance and Cost).
- Introduce and maintain all ledgers, stores accounting, payroll system and generally all books of accounts.
- Train local accounting staff at all levels.
- Prepare for the Board financial statements, cash flows, budgets.

Applicants with previous similar experience in a textile mill will be given priority.

Attractive salary and fringe benefits are offered.

Candidates should apply to:
TEXTILCONSULT S.A.
Case Postale 346 13 9490 VADUZ (LIECHTENSTEIN)

Warburg Investment Management Ltd.

Because of the continuing growth in funds under our management, we need a number of executives with the potential to make a significant contribution to our business.

We would be pleased to hear from applicants with the relevant experience in the management of fixed interest and equity portfolios in domestic and international markets. Successful applicants are likely to be between 25 and 30 years of age.

Applications, enclosing a full curriculum vitae which will be treated in strict confidence, should be sent to:–

G. E. I. Wood, Executive Director,
S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

OUNDLE SCHOOL, OUNDLE, NORTHANTS

APPOINTMENT OF BURSAR

The Governors invite applications for the position of BURSAR at Oundle School: the successful candidate to take up office in September 1980.

The Bursar will be responsible to the Governing Body for the whole business administration of the School with special emphasis on budgetary control, capital expenditure and long-term financial planning. The Bursar will also be responsible for overseeing the maintenance and upkeep of all School property and for advising the Governors on the purchase, sale and leasing of properties and land.

Candidates should preferably be between 40 and 50 years of age and be married.

Salary will be commensurate with qualifications and experience.

Application forms may be obtained from the Secretary to the Governing Body at the undermentioned address and must be completed and returned by not later than 31st December, 1979.

A. S. COX
Secretary

Grocers' Hall
Princes Street, London EC2R 8AQ

Opportunities with Chemical Bank

The Chemical Bank of New York is one of the largest banking groups in the world, and is currently looking for the following experienced people.

Head of Treasury—Madrid

Chemical Bank's branch in Madrid, which will be opening shortly requires an experienced banker to head up the Treasury Department. Applicants should be aged 28-38 and have at least 5 years' treasury experience, two years of which should be recent money market dealing experience in Spain. Some experience in Foreign Exchange, as well as familiarity with Spanish exchange control regulations and practice, is required.

Applicants should be fluent in Spanish and some knowledge of the English language would be helpful.

Senior Dealer—Middle East

Applications are invited for a position with the London branch but for early secondment to the Middle East in the position of Chief Dealer. Applicants should be aged 25-32 and have at least 5 years' dealing experience, with training in both money market and foreign exchange. A knowledge of treasury support procedures and accounting would be helpful.

The appointment abroad will be for a period of between one and two years.

Senior Foreign Exchange Forward Dealer

London branch Treasury Department offers an opportunity in the expanding dealing operation for a Senior FX forward dealer to join the existing team. Applicants should be aged 25-35 and have a minimum of four years' dealing experience.

Conditions of service are consistent with those expected of a major international bank and salaries for each post are by negotiation.

Candidates should write, in confidence, stating the position applied for and giving details of age, experience, qualifications and present salary to: David Parish, Head of Personnel Services, Chemical Bank, 180 Strand, London WC2R 1ET.

CHEMICALBANK

Business Analyst

W. London **c. £8,000**

A leading computer manufacturer currently requires an ambitious, young, self-motivated individual for their group finance function.

Working closely with, and reporting to the Controller your duties will vary widely, and will include analysis of business results, to aid resource planning, and development of alternate manpower cost analysis techniques. You will also be involved in import pricing and some European travel may be required.

Ideally a numerate graduate and/or a part qualified accountant, you should have 2/4 years' financially orientated business experience, preferably in a marketing environment. Due to the broad exposure this role will give you to the company's business, career prospects into a senior line finance post are excellent.

Please telephone or write quoting ref. RG.2830.

Lloyd Chapman Associates
123 New Bond Street, London W1Y 0HR 01-499 7761

FINANCE MANAGER

(HOTELS)—MIDDLE EAST

Pan Gulf Management Corporation urgently require a qualified and experienced accountant for the above position. Based in Kuwait the duties will involve travel throughout the Middle East. Excellent tax-free salary and comprehensive benefits including regular home leave, living-in accommodation and free medical treatment.

Please forward c.v. to
Pan Gulf Management Corporation
c/o Royal Kensington Hotel
380 Kensington High Street, London W14 8NL
or contact Personnel Manager 01-603 3333

FRAZER MAY INTERNATIONAL LTD.

A Member of the Frizzell Group

As a result of reorganisation and planned expansion, Frazer May International Ltd. wish to recruit experienced staff for their sterling operation.

LOCAL AUTHORITY BROKERS
COMMERCIAL/INSTITUTIONAL BROKERS

The company offers a challenging and rewarding career and a remuneration package directly linked to ability and experience.

Applications to:
David Thistlethwaite, Director,
Frazer May International Ltd.,
78-80 Cornhill, London, EC3.
01-283 7971.

International Treasury Management — London

SENIOR CONSULTANT

A vacancy exists through internal promotion in the International Treasury Management Group of a major international bank. The Group, one of the leaders in the field of exposure management consultancy, operates out of New York, London and Singapore.

The successful candidate will be London based and will be required to consult with the senior financial executives of both UK and European companies.

Applicants will be in their late 20's or 30's with a good degree or professional qualification. At least three years of proven success in currency exposure management either in a corporate or consulting role is essential. A good practical knowledge of international money markets and their implications for exchange rates is also required.

The salary and fringe benefits will be commensurate with the importance that the bank attaches to this appointment.

Write in strict confidence with full salary and career details to Box No. A.6981, Financial Times, 10 Cannon Street, EC4P 4BY.

A Sterling Dealer for The English Association

Applicants should be about 25-30 years of age and have previous experience of money market transactions and customer relations.

A competitive salary will be paid according to previous experience.

Please apply in writing with full c.v. to:-
The Directors, The English Association Investment Trading Company Limited, 4 Fore Street, London EC2Y 5EH

International Fund Management

Major Merchant Banking Group **26-34**

Our Client, an accepting house, is one of the major forces in the investment scene. They operate a complete range of services — on an international basis. They seek a man/woman for their Institutional Area which markets to Insurance Companies, Corporate Clients, Overseas Banks, Offshore Pension Funds, etc.

They are looking for a person of initiative and flair who can operate within a disciplined environment and who seeks exceptional self development.

Experience level — minimum 2/3 years. Exposure to either International Fixed Interest or Eurobond Market desirable. He/she will have worked for similar British or Overseas owned house or for a major Stockbroker.

An above average salary/total remuneration will apply and the negotiated level will relate to potential contribution. Subsidised mortgage, non-contributory pension, Bonus-level in line with Stock Exchange practice.

Please write with full details to Colin Barry at Overton Shirley & Barry (Management Consultants), 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1884/1169.

Overton Shirley and Barry OSB

COMMODITIES—CITY

Enthusiastic and versatile person aged approximately 25-35 required to assist the Financial Director of a leading group of private companies in the City extensively involved in the international commodity trade.

Good education and accountancy background essential, knowledge of German and/or French desirable.

The position would suit an ambitious young man or woman who has some experience in Accounting, Foreign Exchange, Banking or similar.

This is an interesting position with excellent long-term prospects for someone who is willing to learn all aspects of the business in order to join the existing management team in due course. Remuneration negotiable.

Replies to the Chairman will be treated in the strictest confidence.

Write to Box A.6983, Financial Times, 10 Cannon Street, EC4P 4BY.

Commercial Manager

Southern Germany **c. DM 70,000 plus car**

We are seeking a professional Accountant, male or female, 28/45, from any European Country with appropriate qualifications (equivalent to ACA or ACMA in the UK), fluent in both German and English and having at least 5 years' experience in financial control with a UK or US owned multi-national company based in West Germany engaged, ideally, in manufacturing or marketing a technical product.

Reporting to the General Manager, you will be responsible for a staff of 30 and required to take complete charge of the Finance function and all other internal administration with the exception of sales and technical offices. An IBM mini-computer has recently been installed to handle accounting routines, inventory control and management information. Experience of data processing would therefore be an advantage.

The Company, having a turnover in excess of DM 15m, manufactures and markets a sophisticated range of high technology products and is a highly successful, autonomous subsidiary of a major UK public group. As one of the senior management team, you will be expected to make a substantial contribution to its profitable management and assist in the implementation of the ambitious plans for growth.

Assistance with relocation and other benefits are available.

Please write briefly or telephone for an application form, quoting reference 655

Management Personnel
Recruitment Selection & Advertising Consultants
York House Chertsey Street Guildford Surrey
GUILDFORD (0483) 64857

Equity Sales & Research

New York Stock Exchange firm wishes to develop U.S. equity sales by hiring ambitious people with experience as either U.K. or U.S. stockbrokers or as analysts who would enjoy the sales experience.

It is envisioned that each member of the equity team would be responsible for the account coverage as well as knowledgeable analytical work on international industries.

Compensation will be commensurate with experience and future success.

Please apply to Box No. 384, Streets Financial Ltd. Fleet Street, London EC4A 3HT.

Merchant Banking in Birmingham

An excellent opening for the right individual in the Birmingham Office of

Singer & Friedlander Limited

An executive is required for investment management and corporate finance work. University degree or professional qualification desirable — some knowledge of The Stock Exchange essential. Age — early twenties.

Write with cv to: Sir Timothy Harford Bt, Managing Director
Singer & Friedlander Limited
123 Hagley Road, Birmingham B16 8LP

New Zealand looks for improved trading links in talks with Australia

BY KEITH OVENDEN IN WELLINGTON

MR. DOUG ANTHONY, the Australian Deputy Prime Minister, remarked during a visit to Wellington early this year that the basis for negotiating a liberalisation of trade beween Australia and New Zealand had grown cumbersome and awkward. The relationship, he said, needed revitalising.

His New Zealand Government hosts agreed, and separately the two sides have begun studying whether there is scope for any major changes and, if so, how much. A moderate public relations exercise to have the issue of closer ties between the two countries discussed in public has also begun.

Trade between Australia and New Zealand is important to both countries. New Zealand takes 17.5 per cent of all Australia's manufactured exports, and 37 per cent of New Zealand's manufactured exports go to Australia.

Much of this trade has developed under the protection of the New Zealand-Australia Free Trade Agreement (NAFTA). This was signed in August 1965, and came into effect on January 1, 1966. It provides, under its Schedule A, for a list of goods (numbering 1,795 by September 1978) on which tariffs are progressively reduced).

Where there is no agreement between the two countries to slow the rate of tariff reduction, a tariff is eliminated in not more than eight years. Some manufacturers in both countries, anxious to preserve the advantages of protection, work hard to keep their products off Schedule A.

Partly in response to this, the Governments in 1973 expanded the agreement with three new schedules (B, C and D). These provide for various means of partial participation in free trade such as quota arrangements and limited reductions in duties.

Because of the proliferation of schedules and the product-by-product basis of the agreement, the negotiating process has become arduous and tedious. It ties down numbers of senior officials on both sides of the Tasman Sea for many weeks of the year. It encourages the less attractive types of lobbying, with individual industries pressing their sectional self-interest on individual politicians.

Many politicians and bureaucrats in Wellington feel that NAFTA's contribution to increased trade between the two countries is now running down. Certainly the balance of advantage bestowed by NAFTA is reckoned to run far too strongly Australia's way.

It is in this climate that the current reassessment is taking place. Mr. Robert Muldoon, the New Zealand Prime Minister, has made it plain he intends to keep any renegotiation firmly in his own hands. A committee of officials which has been established is chaired by a member of the Prime Minister's own economic advisory group. It also includes representatives of the Treasury, the Reserve Bank, the Ministry of Foreign Affairs, the Department of Trade and Industry, and the Ministry of Agriculture and Fisheries.

Their brief, in essence, was to re-examine to whole state of New Zealand's economic relations with Australia, and three weeks ago they held their first round of talks with their counterparts from Canberra.

The discussions were conducted in an amiable atmosphere, but protection of self-interests remains paramount. For instance, suggestions are being discounted that the New Zealand home appliance industry, which is aggressively competitive and keen to sell on the Australian market, might be permitted access under new arrangements.

A meeting between Mr. Muldoon and Mr. Malcolm Fraser, the Prime Minister of Australia, is expected in March or April.

It is doubtful if New Zealand politicians, officials or manufacturers will want changes at that meeting which create much new uncertainty. Mr. Muldoon is known to be cautious in such matters, and there are fears among some producers that any considerable liberalisation of trade might lead to the relocation of industry away from New Zealand towards Australia. Officials counter with the evidence of the EEC where, they say, this has not occurred.

But the fear is a difficult one to lay to rest. The consensus appears to be that New Zealand should press for greater "automaticity" in the schedules—making it harder for tariffs not to fall and pushing producers into greater competition. Such small liberalisation of the trade regulations might be accompanied by greater co-operation in agricultural marketing, more joint approaches to third countries for specific trade development arrangements, and the initiation of some joint ventures in the field of energy.

Broader ideas for co-operation, including a free trade area or a customs' union, "clearly will not fly with officials," as one central figure here put it recently.

Among manufacturers, no clear consensus is emerging; nor do observers now expect that it will. The textile and garment-making industries are very frightened of the effects of open competition with Australian concerns, engineering companies are close behind them. Against these conservative views are those of the small New Zealand furniture industry, which is reportedly keen for unrestricted access to the Australian market, where it believes it could do well. Judging by its recent export performance, where it has been showing (from admittedly small beginnings) a 45 per cent annual growth, it could well be right.

The Manufacturers' Association, which is faced with the difficult task of trying to represent these diverse views to the Government, appears to be taking the line that reform is overdue.

Robert Muldoon — handling the negotiations.

NEW ZEALAND AND AUSTRALIAN TRADE

Year (June)	NZ Imports from Australia (c.i.f.) (NZ$m)	NZ Exports to Australia* (f.o.b.) (NZ$m)	Visible balance of trade with Australia (NZ$m)	Ratio of imbalance in Australia's favour
1973	319.8	131.8	−188.0	1:2.43
1974	461.1	171.9	−289.1	1:2.68
1975	535.8	188.4	−347.4	1:2.84
1976	541.3	292.3	−249.0	1:1.85
1977	731.7	382.3	−349.4	1:1.91
1978	655.3	412.6	−242.7	1:1.59

* Including re-exports.

NEW ZEALAND'S BALANCE of PAYMENTS with AUSTRALIA

Year (March)	Merchandise trade (f.o.b.)	Invisibles	Current account
1973	−191.4	−39.0	−228.1
1974	−255.7	−63.0	−315.5
1975	−358.7	−38.2	−394.9
1976	−262.5	+11.4	−236.4
1977	−331.5	− 2.3	−324.8
1978	−304.5	−29.2	−329.3

Source: New Zealand Department of Statistics.

Philip Bowring examines Malaysia's bright economic performance

A question of how long luck lasts

HOW LONG can luck last? That's the question facing Malaysia's traditionally cautious economic managers as the nation prepares to enter what could be its last year for quite a while of buoyant export receipts.

Malaysia has been triply blessed in recent times. It has benefited from escalating oil prices. Its oil production has been rising rapidly. And prices of its traditional exports—rubber, palm oil, tin, timber and pepper—have ranged from good to excellent.

For the moment things look rosy. Although the word "recession" may be in the wind export prices are still firm and oil income is still rising fast. But if the international going does get rough, Malaysia may find an adaptation to a sharp cyclical downturn more difficult than in the past.

Over the past four years real disposable incomes have been growing much faster than is suggested by the normally-quoted figures of constant-price Gross Domestic Product. GDP growth itself has been respectable enough, even by the high standards of South East Asia. This year expansion is estimated at 8.1 per cent, following rises in the three preceding years of 7.4 per cent, 7.6 per cent and 11.1 per cent respectively.

But on the ground things have been moving ahead even faster. Consumer durables such as motor cycles are everywhere, private housing estates are going up all around, and the Government has innumerable capital spending schemes as it presses to complete the ambitious targets in the Third Malaysia Plan, the five-year plan which ends in 1980.

The reason such spending is possible is that Malaysia's external terms of trade have risen dramatically. That's critical in a country where trade, at around 40bn ringgits ($18.25bn), is roughly equal to GDP.

The improvement in terms of trade since the 1975 recession has been 33 per cent. It may even have been higher, because the relevant index does not fully reflect the growing importance of petroleum. Exports of crude oil this year will total about 3.7bn ringgits, and next year will overtake rubber as Malaysia's biggest export. "Constant price" GDP hides an increase of more than 10 per cent a year in real income. And though exports have lagged well behind imports for the past three years, the current account balance has been firmly in the black.

The problem with income improvements caused by the terms of trade, however, is that they can all too rapidly go into reverse. The Malaysian Government is forecasting a fall in GDP growth to 6.5 per cent in 1980. Perhaps more significantly, for the first time since 1975 it is expecting import prices to grow faster than export prices, despite oil.

The Government's estimates are conservative, with rubber and tin prices projected at levels well below current ones, and a sharp reversal of fortune seems unlikely. The oil price still has upward potential and there is a rubber-oil price link. But the tide of fortune in Malaysia's terms of trade has most likely turned. It may leave behind popular expectations which cannot be fulfilled and Government commitments to heavy public spending that are too well entrenched.

Big spending has been facilitated by a tax system sensitive to export prices. Buoyant revenues have been allied to strong Malay pressure to press ahead as fast as possible with the New Economic Policy, the Government's programme aimed at raising the socio-economic position of the Malay majority.

This programme in turn demands a rapid rate of overall economic growth if Malay expectations are to be met without unduly upsetting non-Malays. As a result government policy has been less conservative than during the 1960s and early 1970s.

So far the gamble has paid off. Both the economy and public spending have grown rapidly, financed by export revenues. Inflation has been contained, albeit with the help of subsidies, at around 5 per cent. But the pressure on resources and the pressure to spend have been building up to a point which some critics, sniffing a world recession, see as potentially dangerous.

The pressure is seen in the budget. For 1979 the Government budgeted for an overall spending increase of only 9 per cent. It expected that the private sector would be the main engine of growth. But, flush with funds and anxious to press ahead with the Third Malaysia Plan, the Government's actual spending has risen 24 per cent.

Indeed, the Government has spent all its booming revenues and more. Though revenue has increased more than 10 per cent over original estimates to 10.3bn ringgits, the deficit has hit 5.7 bn ringgits against an original 4.3bn.

With Malaysia's high domestic liquidity and its easy access to commercial and institutional foreign funding, the deficit is no problem yet. But it could become one: 1979 was a very good year, but weaker-than-expected foreign demand has set the Government on a counter-cyclical policy to boost GDP in the coming year. It is aiming for a 13.4 per cent rise in spending in 1980. Though oil revenues will again be buoyant, the deficit is expected to rise to 6.3bn ringgits, of which probably at least one-third will be financed abroad.

Malaysia still has a low debt service ratio and is at the top of the credit rating league of developing Asian nations. But concern is beginning to grow in some quarters that the Government itself is increasingly looking for foreign funding at a time when its own revenue and exports are still buoyant and when public and private sector borrowing requirements are growing very fast. Malaysia is borrowing heavily for an LNG plant at Bintulu in Sarawak and to expand its airline, shipping services and telecommunications.

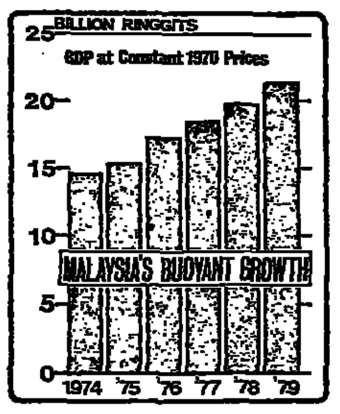
The problem is that growth in consumer and Government spending has not been matched by growth in investment in production. Consumer demand has not generated the manufacturing investment that the Government wants to see. Private investment other than oil has mostly gone into construction. Manufacturing investment grew only 9 per cent this year and is expected to fall to 7 per cent in 1980.

A second production problem lies with agriculture. Private plantation investment is constrained by a lack of new land. Public investment, though at a high level, has not been showing good returns. Annual average growth in agriculture has had to be revised downwards from a Third Plan target of 6 per cent a year to 4.5 per cent, and the medium-term trend growth is still declining.

In the past Malaysia has followed a conservative economic policy aware that its commodities were exposed to sharp but mostly short-lived duration cycles. With a broader production base, Malaysia's economy is now more resilient.

But a combination of a longer-than-usual run of good fortune and the demands of the New Economic Policy have eroded much of the conservatism. If the old cycle still exists, but with a different time-span, Malaysia may shortly see the beginning of a relatively uncomfortable period when real incomes will fall relative to GDP and when GDP growth may be hard to sustain at the 7-8 per cent of recent years without heavy foreign borrowing. High government spending during the good years will meanwhile have restricted its room for manoeuvre in a sustained downturn.

That's the pessimistic view. The optimistic one is that Malaysia has such a cornucopia of both natural resources and competent human ones that, like Australia, it can be considered a perennially "lucky country."



Datuk Hussein Onn, Malaysia's Prime Minister—his gamble pays off.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

BRENDOWN CONSTRUCTION LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Wednesday, the 5th day of December, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 20th day of November, 1979.

By Order of the Board.
L. R. BRAZIER, Director.

THE COMPANIES ACTS 1948 TO 1976

STROGER-WATTS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Thursday, the 6th day of December, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 21st day of November, 1979.

By Order of the Board.
J. A. STROUD, Director.

IN THE MATTER OF PIAZZA PROPERTIES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of November, 1979.

K. D. GOODMAN, Liquidator.

N.B.—This notice is purely formal. All known creditors have been, or will be, paid in full.

PUBLIC NOTICES

HALTON BOROUGH COUNCIL

£500,000 Halton Borough Council Bills issued on 28th November, 1979—due 27th February, 1980, at [illegible]. Applications totalled £[illegible]. £500,000 Bills are outstanding.

COMPANY NOTICE

PARIS AIRPORT

[illegible]

CONTRACTS AND TENDERS

LONDON BOROUGH OF HARINGEY

BOROUGH ARCHITECT'S SERVICE

Approved List of Contractors

The Council is reviewing its list of building contractors and applications are invited from firms interested in both new-build and rehabilitation in the categories:

(1) £50,000-£250,000
(2) over £250,000

The rehabilitation is generally packaged in contracts of between two and eight properties in close promixity to one another.

For further details either write to the Borough Architect, London Borough of Haringey, Hornsey Town Hall, London N8 9JJ or telephone Ms. Fahy at (01) 340 8031 ext. 306.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

APPOINTMENTS

Sir John Hunt joins BNP

Sir John Hunt is to succeed Sir Patrick Reilly as chairman of the London subsidiary of the French BANQUE NATIONALE DE PARIS in April 1980.

Sir John retired as Secretary of the Cabinet in October having had a career of distinction in the Civil Service.

He joined the Civil Service in 1946 after serving as a lieutenant in the Royal Navy on convoy escort in the Western Approaches and the Far East.

His first post was in the Dominions Office which included periods in Sri Lanka and Canada. In 1956 he became private secretary to Lord Normanbrook, then Secretary to the Cabinet, and stayed in the post for two years.

Subsequently his work was divided between the Cabinet Office and the Treasury, spending three years from 1968 to 1971 as the First Civil Service Commissioner, in the rank of deputy secretary responsible for recruiting.

In 1971 he was appointed Deputy Secretary, Treasury and became Secretary of the Cabinet, succeeding Sir Burke Trend in 1973.

During his period at the Cabinet he served under four successive ministers. His successor was Sir Robert Armstrong who was previously Permanent Secretary at the Home Office.

★

Mr. Joseph D. Williams, president of the WARNER-LAMBERT CORPORATION, has been elected to the additional post of chief operating officer. Mr. Albert R. Pezzillo has been elected executive vice-president of the corporation. He will continue as president of the consumer products group. Both appointments are effective January 1.

★

Mr. E. P. (Eddie) Beesley has been made marketing director of JOHN BLACKWOOD HODGE AND CO. He has been with the group for 30 years and for several years has been managing director of Hunsbury Machinery and Blackwood Hodge Hire. Mr. K. M. (Ken) Kirkpatrick, formerly sales director of Hunsbury Machinery, is promoted to general manager. Mr. Beesley replaces Mr. K. F. Greenshields, who has resigned as a director of John Blackwood Hodge and Co.

★

Mr. Charles Rowlins has been appointed to the Board of HTV as sales director. He joined HTV in 1976 and became sales controller in January 1978.

★

Mr. Renato Casalotti has been made managing director of SNAMPROGETTI, refinery and petrochemical contractor, London and Basingstoke. He succeeds Mr. Mario Merlo who returns to the company's headquarters in Milan as deputy general manager responsible for international projects. Mr. Merlo will continue as deputy chairman to the Board of Snamprogetti Limited. Before his appointment in England Mr. Casalotti was co-ordinator of all Snamprogetti's associated companies. Snamprogetti Limited is part of Ente Nazionale Idrocarburi (ENI), the Italian state hydrocarbons authority.

Mr. Renato Casalotti

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1978							
3rd qtr.	111.5	104.7	103	110.7	266.6	1,388	213
4th qtr.	110.8	103.1	103	111.7	273.0	1,349	230
1979							
1st qtr.	109.5	101.8	97	110.3	276.4	1,351	234
2nd qtr.	115.8	108.0	107	116.7	297.3	1,299	256
3rd qtr.	112.6	102.8		110.1	300.5	1,269	247
May	115.4	107.1	110	113.5	289.2	1,307	257
June	117.9	110.3	108	120.3	309.3	1,280	262
July	116.4	106.9	99	108.7	294.4	1,279	253
August	111.6	101.4	106	111.5	304.3	1,265	246
Sept.	110.0	99.0		110.0	302.3	1,264	243
Oct.				111.5		1,282	237
Nov.						1,282	234

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
3rd qtr.	108.4	99.0	122.7	100.2	99.2	103.7	23.0
4th qtr.	106.0	96.8	124.0	96.8	98.9	102.4	20.2
1979							
1st qtr.	105.4	98.1	126.2	97.8	98.5	99.0	12.9
2nd qtr.	109.1	105.1	133.1	103.9	110.2	103.5	21.3
3rd qtr.	105.8	95.2	132.0	93.8	104.3	101.2	20.7
April	107.0	104.0	130.0	103.0	110.0	102.0	18.5
May	109.6	105.0	132.0	104.0	106.0	103.0	20.0
June	111.0	106.0	137.0	105.0	115.0	106.0	25.4
July	109.0	104.0	136.0	103.0	114.0	100.0	22.6
August	105.0	94.0	130.0	92.0	93.0	99.0	18.3
Sept.	104.0	88.0	130.0	86.0	106.0	104.0	21.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£bn); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
3rd qtr.	124.8	114.9	−0.367	+0.298	−501	106.1	16.55
4th qtr.	124.8	112.3	−0.039	+0.614	−480	106.9	15.77
1979							
1st qtr.	109.7	117.1	−1.578	−1.140	−234	107.6	16.78
2nd qtr.	135.0	130.9	−0.714	−0.714	−227	107.5	21.69
3rd qtr.	132.4	128.3	−0.311	−0.311	−166	108.0	23.18
April	140.7	131.6	−0.159	−0.159	−123	108.6	21.47
May	134.1	131.8	−0.310	−0.310	−54	107.5	21.53
June	130.3	129.2	−0.245	−0.245	−50	106.5	22.07
July	133.3	126.9	−0.046	−0.046	−44	109.2	23.49
August	131.1	130.0	−0.147	−0.147	−130	108.1	23.30
Sept.	132.8	128.0	−0.118	−0.118	+8	106.9	22.75
Oct.	129.7	133.0	−0.339	−0.339	−85	106.1	22.49

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months growth at annual rate); domestic credit expansion (£m); building societies net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
3rd qtr.	17.2	8.1	4.2	+ 572	746	1,559	10
4th qtr.	14.9	11.9	8.6	+1,774	878	1,584	12½
1979							
1st qtr.	7.6	9.3	32.6	+1,524	777	1,583	13
2nd qtr.	9.7	17.2	28.5	+2,705	777	1,868	14
3rd qtr.	11.5	9.9	13.2	+2,414	933	1,879	14
May	13.9	8.1	20.7	+ 997	309	622	12
June	9.7	17.2	28.5	+ 885	125	688	14
July	7.1	14.3	34.1	+ 439	229	630	14
August	6.1	12.4	29.8	+1,052	293	634	14
Sept.	11.5	9.9	13.2	+ 923	411	615	14
Oct.	15.7	15.1	14.8	+1,566	544		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
3rd qtr.	133.2	144.9	154.8	199.2	206.2	258.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	206.0	257.89	62.7
1979							
1st qtr.	140.2	152.2	161.6	209.9	[illegible]	[illegible]	[illegible]
2nd qtr.	147.3	161.2	165.0	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	154.1	172.2	170.4	[illegible]	[illegible]	[illegible]	[illegible]
April	144.3	158.5	165.5	[illegible]	[illegible]	[illegible]	[illegible]
May	145.9	161.0	167.7	[illegible]	[illegible]	[illegible]	[illegible]
June	150.3	164.6	170.9	[illegible]	[illegible]	[illegible]	[illegible]
July	152.0	165.4	174.8	[illegible]	[illegible]	[illegible]	[illegible]
August	153.3	170.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	152.5	168.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct.		171.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Not seasonally adjusted.

THE MARKETING SCENE

The upmarket Press in Britain has embarked on a major sales battle. Michael Thompson-Noel describes the hostilities.

Dog fight in Quality Street

FOR ALMOST the first time since anyone can remember, the quality Press in Britain finds itself pitched into a situation which a Heinz or a Kellogg's or Tesco is obliged to confront every day—a full-scale marketing battle. The combatants are unlikely to resort to the thinly-veiled insults or the hurling of custard pies that characterise eruptions of aggression among the popular or down-market Press. But the return of Times Newspapers after its self-enforced absence means that most of the quality Press has now propelled itself into a good old fashioned sales war.

The Times and Sunday Times have to make up acres of lost ground. Between the relaunch of The Times on November 13 and the end of the year, Times Newspapers will have spent virtually £2m on media advertising alone—an unprecedented sum in quality newspaper terms but the sum TNL believes it has to spend if it is to regain former circulation levels — 292,714 for The Times (April-September, 1978), 1.402m for the Sunday Times.

In turn, most of its rivals have boosted their promotional plans. For the past 12 months they have enjoyed swollen circulations and distinctly higher profits, and they are ready for a scrap. For example, over the next 13 months The Observer, a substantial beneficiary of TNL's absence, expects to spend £750,000-£800,000 on media promotion alone in a bid to hold on to as many extra sales and as much extra revenue as it possibly can. It has seen its average weekly circulation grow from 678,098 to 1,213,089 and its colour magazine alone expand into a veritable advertising catalogue. It is ready for a fight.

The conventional wisdom, as distilled from a poll of top advertising agencies, at present holds the view that by around March or April next year, TNL will have done well to claw its way back to average circulation levels of between 85-90 per cent of what they were a year ago. As far as the daily market is concerned, the view of Terry Bygraves, of Bygraves Bone, is not untypical. His view expressed before the relaunch of The Times, was that "if The Times settles down at around 250,000, the Daily Telegraph at 1.4m, the Financial Times at 200,000 and the Guardian at 300,000, then the market will have expanded slightly and Times Newspapers will have done very well."

It could do rather better than that. According to Mr. Michael Mander, deputy chief executive of TNL, one of the tenets of the relaunch strategy was that the loyalty of former readers could not be taken for granted. (This was why The Times, and to only a slightly lesser degree the Sunday Times, have worked hard to look as though they've never been away.)

On Day 1, when it could have sold anything it printed, sales of The Times were 450,000. Since then the graph has angled downwards, though at a far shallower degree than many expected. As a result, Mr. Mander believes that by the turn of the year, The Times will still be selling as many as 320,000 copies daily — significantly higher than its departure sale 11 month ago and roughly the same as it was selling in 1975. (Not that it wants to boost sales to the frenetic levels of the middle and late 1960s, when an unthinking circulation drive so diluted the quality of its readership that it made some very heavy losses.)

The greatest single curiosity of the quality daily market over the past 11 months was that between them, the three remaining titles contrived to sell 44,183 *more* copies between them than The Times was selling in April-September of 1978. If the quality daily market continues to show this sort of exuberance, there seems little reason why The Times should *not level out at close to 300,000*. The Guardian, which says it tried consciously not to accommodate readers of The Times during the TNL dispute, preferring to sharpen its perception of its own role and market niche, ought to retain sales of at least 300,000.

The Daily Telegraph might indeed settle at 1.4m and the FT might ease back to 200,000. In markets served by its Frankfurt edition, FT sales have improved by 45 per cent over the past 11 months. It has no plans to raise its promotional spend as a result of the re-appearance of The Times. (The Sunday Times magazine blotted its copybook last week by stating that the FT had a "modest" circulation of 150,000. All of us have heard about the long lead times that characterise the magazine world, but the FT circulation hasn't visited 150,000 since I was a lad.)

The outcome of affairs in the Sunday quality market is more problematical, though Mr. Mander feels that among the Sundays there is even greater scope for total sales expansion than among the dailies because of the reduced element of editorial duplication.

There is no doubt that for advertisers and their agencies, the Sunday Times was sorely missed. According to Mr. Mander: "Last Sunday we printed 1.361m copies and believe we had a sell-out. This Sunday we'll print more and sell more." Almost no-one *imagines that the Sunday Times* will experience any difficulty in climbing back to average sales of in excess of 1.3m.

What will happen at The Observer is much less clear. It has enjoyed a considerable bonanza. Mr. Brian Nicholson, its joint managing director, says that over the past *11 months* The Observer has pioneered regional advertising rates in its magazine (a step that has improved three-fold on estimated revenue gains); made a front-line attack on the classified ads market, and pursued its expansionary policy throughout the newspaper generally.

It has had its problems. At the height of the ad boom this autumn, The Observer was being forced to turn away up to £100,000 worth of classified advertising revenue a week because of lack of print capacity; and in some quarters it has been criticised for converting its magazine into what some regard as virtually a mail order catalogue. "The absence of the Sunday Times rather exposed the limitations of The Observer," said one marketing director this week. On the other hand, it may be churlish to pillory too strongly the manifestations of success, or to forget that The Observer was formerly one of the weakest titles in the Street.

Where will The Observer's circulation settle? Mr. Nicholson maintains that it will remain above 1m for some time to come. *With only a bit of luck* it could settle at around 880,000.

In pure circulation terms, Times Newspapers may be able to derive some benefit from its 11 months' absence. In the wider equation of production, distribution and pricing policy it will no doubt encounter problems, but to have gone away for almost a year and to have returned and discovered its sales base still virtually intact, demonstrates once again the unique peculiarities of the newspaper market. The men who run Heinz, Kellogg's and Tesco only wish they could be so lucky.


Left: a still from The Observer's new television commercial. Right: part of Times Newspapers' £2m sales attack.

HOW THE TITLES STAND

	Apr./Sept. '78	Apr./Sept. '79	+ or —	Cover price
Daily Telegraph	1,357,021	1,538,180	+181,159	10p
Financial Times	179,287	207,228	+27,941	20p*
Guardian	275,291	403,088	+127,797	15p
Times	292,714	†	−292,714	15p
Observer	678,098	1,213,089	+534,991	20p
Sunday Telegraph	842,590	1,315,064	+472,474	18p
Sunday Times	1,402,423	†	−1,402,423	22p
Sunday Express	3,239,167	3,251,685	+12,518	18p

* Price increased from 15p on July 9, 1979.
† Publication suspended November 30, 1978.

Source: ABC

TOP POSTERS

Hoarding up the image

THERE WERE unbrotherly groans in London this week at the news that the Conservative Party's election advertising campaign had captured yet another award—the 1979 grand award for poster advertising in the annual competition sponsored by British Posters and the Marketing Society, writes Michael Thompson-Noel.

But the judges were unrepentant. According to their chairman, Prof. Gordon Wills of the Cranfield School of Management, the panel was unanimous in selecting Saatchi and Saatchi Garland-Compton's free-spending broadside for the Tories ("Britain's Better Off With the Conservatives") as the poster campaign of the year.

The award was presented to Lord Thorneycroft, the Conservative Party chairman, and to Jeremy Sinclair, Saatchi's creative director.

The poster awards claims to be the only advertising awards scheme that attempts to assess the effectiveness of campaigns in terms of overall marketing criteria rather than subjective appraisal of style or technique.

According to the professor: "While it is impossible to quantify the contribution of the advertising campaign in relation to other factors, the advertising was an important element in a totally integrated strategic plan. Similarly, assessing results of the poster advertising is all but impossible. However, posters were undoubtedly an important element in the advertising mix and their impact cannot be challenged.

"Everyone knows the results of the campaign—an election which was a tremendous success for the Conservatives, with the biggest swing in votes since the war."

What is much less clear is how much it cost. The total was probably nearer £2m than £1m if the production costs of the Conservatives' TV election broadcasts are counted in.

Entrants for the poster awards are obliged to submit detailed written evidence, where applicable, of their campaign's efficacy in terms of market planning, audience coverage, sales force involvement, trade reaction, creative impact, sales improvements and cost-effectiveness.

The Tory posters won the gold award in Category 4 (financial, travel, media, entertainment, government, leisure, petrol, charities, public services and retailing). In Category 1 (food, toiletries, cosmetics and pharmaceuticals), the gold award winners were Wall's Meat Company and Collett Dickenson Pearce for the Wall's Individual Pork Pie campaign. Category 2 (alcoholic drinks, soft drinks, tobacco, confectionery and household goods): Aqualac Springwaters and Leo Burnett for the Perrier campaign. Category 3 (automotive, clothing, footwear, household appliances, DIY products and gardening): Pretty Polly and Collett Dickenson Pearce for the Pretty Polly Tights campaign.

Pretty Polly, a subsidiary of the Thomas Tilling Group, claims 25 per cent of the women's hosiery market. It produces more than 3m pairs of tights a week, has sales of more than £30m a year, and over the past 12 months has increased volume sales by around 5 per cent.

Three to four years ago it tackled the jeans manufacturers head on: a marketing ploy that has only benefited by the past year's fashion switch to slit skirts and plenty of leg. Aided by Collett Dickenson Pearce, Pretty Polly has won a roomful of prizes. It spends well over £100,000 annually on posters, plus other big sums on radio and in magazines. According to a spokesman, the ads have "considerably helped exposure on a corporate basis."

Pretty Polly: sales of more than £30m and a boost for corporate exposure.

NEWS IN BRIEF

Civil Service for PA

THE Civil Service Commission is to concentrate all its recruitment advertising in the hands of PA Advertising. The decision follows a joint review of the commission's advertising arrangements by the commission and the Central Office of Information. The aim of the review, as recommended by the Government's Advisory Committee on Advertising, was to achieve greater advertising cost effectiveness.

The commission is responsible for recruitment to the Home Civil Service and Diplomatic Service and in the current year is spending approximately £1m on recruitment advertising. The scale of the budget next year obviously rests on formulation of Civil Service recruitment policies.

● GRAEME ROE, founder and chairman of the buffeted Saatchi and Saatchi subsidiary, Roe and Partners, is quitting Saatchi's *to join McCann Erickson* as a vice-chairman on January 2. He will become a director of McCann & Co. and chief executive of the McCann subsidiary, Interteam, which handles international accounts for clients that include Lloyds Bank and Rothmans. Mr. Roe describes the parting as "wholly gentlemanly," though Roe and Partners' London operation has been considerably diminished by staff departures, lost accounts and its brief mutation into Saatchi and Saatchi International under the chairmanship of ex-McCann chairman Nigel Grandfield, who subsequently left to form his own agency.

● DAVIDSON PEARCE Berry and Spottiswoode is ending the year in style. Last spring it lost two major Brooke Bond Oxo brands. But it has just won the Advertising Standards Authority's own advertising account to add to recent gains that include Tube Investments' corporate account. DPBS is also thought to be the front runner for the White Horse Distillers account, which is about to change hands.

● MOBIL is dividing its advertising, expected to be worth approximately £1.6m in 1980, between BBDO, which gains the retail business, and D'Arcy-MacManus and Masius, which retains the corporate side.

LOMBARD

A volunteer for nuclear waste

BY DAVID FISHLOCK

I WOULD like to volunteer my own village as a repository for nuclear waste. I live in a small village called Jordans in Buckinghamshire, built on a hilltop as a private venture by Quakers after the first world war, and still privately owned. Its 600-odd residents jealously preserve their privacy, even purchasing surrounding fields at their collective expense to prevent property developers encroaching upon them.

This exclusivity makes Jordans a highly desirable haven of peace and quiet in a congested world. A nuclear waste repository within its boundaries would surely guarantee that privacy, for no developer, much less any industrial or roadmaking project, would thereafter be permitted to disturb its tranquility. The waste repository itself, once excavated, filled and sealed, need inconvenience no-one, much less harm them.

Horror

Perhaps at this point I should say that I have no authority for volunteering my village for such a venture; and no reason to think that my neighbours will greet the idea with anything but the horror conventionally expressed these days for all things radio-active. But this is simply a matter of the difference between the publicly perceived and the real facts about radio-active substances such as nuclear waste.

At Amersham, only five miles from Jordans, is Europe's biggest factory producing radio-active substances, from research chemicals to radio-drugs used to investigate pregnant mothers. Unavoidably, the Radiochemical Centre — which among its 1,300 employees probably numbers some of my neighbours — is also a prolific producer of radio-active waste. Van-loads of radio-active products travel daily past my village to London Airport. Such activities, however, prompt no outcry from the local chapter of Friends of the Earth.

Can it be that people believe there are two different kinds of radio-activity, benign and malevolent: the one associated with hospitals and medical research, perhaps even with natural radio-activity from the earth and from cosmic rays; the other with nuclear power?

Certainly Americans who have thought deeply about the problem of persuading the public to accept nuclear electricity now believe that the accident on Three Mile Island last March disclosed a latent dread among people of the kind of radio activity associated with nuclear reactors.

But the commission which has just reported to President Carter on the accident found that it added 10 per cent or less to the naturally occurring radio-activity in the environment of people living within five miles of the reactor.

There is, of course, no qualitative difference whatever between the radio-activity emanating from medical activities and from nuclear reactors — or indeed from outer space. The fallacy in public perception was exposed in the U.S. quite recently when it became clear that the first people to suffer from attempts to shut down repositories for radio-active waste would be the hospitals, which produce it in the greatest volume.

Benign

It has been seriously suggested that in democratic society the public perception of risk is more important than the actual or quantifiable risk. As Professor John Fremlin, the expert on radio-activity who guided the local authority through the technical jungle of the Windscale inquiry, has pointed out, this is utter nonsense — "tantamount to saying that it is more important to consider the number of people who would be frightened than the number of people who would be killed."

A serious problem for Mrs. Thatcher and her government, soon to announce a renaissance of the British nuclear electricity programme, is how to correct this grave misperception, as prevalent among MPs as among the public generally. It is no longer easy for the nuclear industry itself, which has been identified by much of the media as a producer of the "malevolent" kind of radio-activity. Perhaps she should seek help among those whom the public perceives as users — and producers — of "benign" radio-activity.

Humpty Dumpty and Kafka at law

AUTHORS' protection societies have been out of luck in the European Court recently. No one will deny that these societies, combining to collect royalties on behalf of composers and performing artists, have an inborn tendency towards monopolistic behaviour. That may be hard on some of the authors and disliked by some of the users of the music—that is those who sell it, either by performing it or incorporating it in films or broadcasts. Nor are the societies generally liked by the public.

However, the length to which the EEC Commission and Court go to stretch the law may earn even these societies some of the sympathy usually reserved for the underdog. Of the two cases which illustrate this the first concerns the French society SACEM, and the second the German society, GEMA.

The SACEM case* was referred to the European Court by the French Court of cassation. After two lower French courts had decided in favour of SACEM, the answer given by the European Court to a question from Paris will make it almost impossible for the French supreme court to confirm the decision. What is of far greater importance, however, is that the European Court's ruling radically extends the already long arm of the EEC rules of competition.

According to the EEC Treaty, Community competition rules apply only to agreements or to the behaviour of monopolistic companies which affect trade between member states.

In the SACEM decision, the court held that contracts concluded in one of the member states may constitute a prohibited abuse of market power even if the contracts are executed outside the Community. The court explained that this must be so because such contracts, though made outside the EEC, may bear on the structure of competition within the EEC.

And—as the court had already ruled in Commercial Solvents†—changes to the structure of competition mean the same as what the treaty calls "affecting trade between the member states." As Humpty Dumpty said: "When I use a word, it means just what I choose it to mean—neither more nor less."

In contrast with the legal theory involved, the facts of the case were simple. Two French composers transferred performing rights to Editions Labrador, a French publisher of music, from whom the right to use this music in films shown outside the Common Market was acquired by the Paris-based Greenwich Film Production. It was agreed that Greenwich Films would acquire the exclusive right to reproduce the music in films and on television. A letter attached to the contract assured Greenwich Film that it would be reimbursed by Labrador for any money Greenwich might have to pay to SACEM.

The possibility foreseen in this letter materialised. SACEM holds the exclusive rights to allow or prohibit the performing of the work of its members worldwide—and the two authors were members of SACEM. SACEM therefore asked Greenwich Film for royalties amounting to 3 per cent of the price they obtained from the renting of the films. Greenwich Film did not pay and was sued. The Court of the Grand Instance of Paris held that the contracts concluded earlier between the authors and SACEM take precedence over their contracts with Greenwich Films through the intermediacy of Labrador and could therefore not be affected by these later contracts. Labrador was ordered to refund to Greenwich Films the amount which the court found Greenwich Film owed SACEM.

In its appeal Greenwich Films argued that the agreements between the authors and SACEM are not valid because they are contrary to French competition rules (Article 59 bis of Regulation 45-1483 of June 30, 1945) and because they infringe Article 86 of the EEC Treaty. However the Paris Appeal Court dismissed the appeal, holding that French competition rules were not violated and that EEC law did not apply. Greenwich then pleaded infringements of Article 86 and 177 of the EEC Treaty and the case was referred by the Court of cassation to Luxembourg, which, to the chagrin of SACEM, ruled that the EEC law applied in the way described at the beginning.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

* * *

If the SACEM judgment puts one in mind of Lewis Carroll, the second‡ seems to be one of those things foreshadowed in the writings of Franz Kafka.

GEMA, the German counterpart of SACEM, is at loggerheads with Radio Luxembourg. Music receives great publicity when broadcast by the powerful Luxembourg transmitter. The Luxembourg Radio wants a share in the profits which that brings to music publishers and concludes joint publishing agreements with them under which it is entitled to half of the income received by the publishers from works broadcast from Luxembourg at peak listening times. GEMA complains that these agreements operate to the disadvantage of other publishers by excluding a part of the royalties from the general distribution made by GEMA under a pre-arranged distribution schedule.

As long ago as 1971 GEMA asked the European Commission to investigate whether Radio Luxembourg was breaking the competition rules of the EEC. After having investigated and considered this matter for three years, the Commission, in January 1974, addressed to Radio Luxembourg and two other companies, a formal Statement of Objections. It alleged an infringement of Article 86 of the EEC Treaty. A hearing took place in April 1974.

Nothing then happened for four years until, in January 1978, GEMA wrote to the Commission asking for a decision within two months. Otherwise it would sue the Commission in the European Court for failure to act. Shortly before the two months were over, the Commission informed GEMA that it had come to the conclusion that it was improbable that it would be possible to prove that Radio Luxembourg and its associates have a dominant position in a substantial part of the Common Market and are abusing it.

In May 1978, GEMA brought an action against the Commission asking the European Court to order the Commission to conclude this case within a further two months, either by a formal decision or by informing GEMA that the investigation was terminated. While the case was before the European Court, another action brought by GEMA in Germany reached the Federal Supreme Court, which decided that the Commission's letter of March 1978 was a decision. Taking this into account, GEMA sought to change its plea in Luxembourg from an attack on the Commission's alleged failure to act into an application seeking an annulment of the decision of March 1978.

The European Court rejected this change of plea as inadmissible and decided that the original application was inadmissible too, because the Commission's letter of March 1978 was indeed a decision.

The Kafkaesque aspect of the result is this: if the Commission is considering a case, national courts have to stay proceedings and wait. They can be kept waiting for seven years, and it is no good pressing the Commission for a decision. It may change its mind and say there is nothing for it to do. The European court will then say that that was a decision. It is an effective way to prevent national courts deciding a case while it still matters.

* Case No. 22/79, judgment of October 25, 1979, unreported.
† Case 6,7/73.
‡ Case 125/78, judgment of October 18, 1979, unreported.

Wayward Lad to show his worth

RACING

BY DOMINIC WIGAN

ONLY SIX trainers have decided to have a tilt at this afternoon's £3,000 Garswood Pattern Hurdle at Haydock. Nevertheless, the race has an interesting look about it for Tony Dickenson's recent Leicester winner, Wayward Lad, will be trying to show us there was no fluke about his easy victory on the Midlands course over Renucci.

Taken round on the outside of the 26-runner field for the second division of the Stoughton Novices Hurdle there, Wayward Lad showed no signs of tiredness approaching the final flight following such a long navigation; sprinting clear to win by six lengths.

Renucci, his market rival there, proved there was nothing wrong with the form when beating Jimmy Hill by a similar margin at Windsor on Monday. Furthermore, despite having taken such a wide course in the interests of a trouble-free run, Wayward Lad succeeded in clocking a considerably faster time than that achieved by Hay Ride in the 23-runner event for the first division of the same race.

In the belief Wayward Lad is Tony Dickenson's most promising novice hurdler yet seen out, I give him a confident vote to follow up.

As with Wayward Lad, Tribal Warlord's National Hunt record reads one success from as many attempts. Sent to Sedgefield on November 6, Tribal Warlord gave Jonjo O'Neill his longest-prized winner to date this season: running out the 16-1 winner of a division of the Croxdale Hurdle. Held up in the early stages by the country's outstanding jump jockey, Tribal Warlord took command between the final two flights.

Dickenson has withdrawn Geraldo from the Club Hurdle in preference for a tilt at the Rainford Opportunity Handicap. Geraldo, looking in need of an outing at Wetherby recently where he drifted from 8-1 to 12-1, nevertheless ran a good race to finish third behind Flameproof and Rionore at a neck and four lengths. His chance today is an obvious one.

HAYDOCK

1.00—Tribal Warlord*
1.30—Royal Gaye
2.00—Wayward Lad**
2.30—Jer
3.00—Geraldo***
3.30—Phil the Fluter

TV/Radio

† Indicates programme in black and white

BBC 1

9.00 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 The Flumps. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 Blue Peter. 5.35 Ivor the Engine. 5.40 News.
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.55 Tomorrow's World
7.20 Top of the Pops
7.55 Blankety Blank
8.30 The Dawson Watch
9.00 Party Political Broadcast by the Labour Party
9.10 News
9.35 Play for Today
10.45 Platform One: Richard Ingrams, editor of Private Eye talks about the magazine
11.15 News Headlines
11.17 Snooker: Embassy Championship (repeat)
12.07 am Weather / Regional News

All Regions as BBC-1 except at the following times:—

Scotland—10.10-10.30 and 11.30-11.50 am For Schools. 12.40-12.45 pm The Scottish News. 2.40-3.00 For Schools. 5.55-6.20 Reporting Scotland. 10.45-11.15 Current Account. 12.07 am News and Weather for Scotland.

Wales—2.15-2.35 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.30 Heddiw. 10.45-11.15 The Colliers' Crusade. 12.07 am News and Weather for Wales.

Northern Ireland—11.30-11.50 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek. 12.07 am Weather. 12.09 Tomorrow's World. 12.34 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (As BBC 1 3.55 pm)
4.25 pm Open University
†5.35 Laurel and Hardy in "Hog Wild"
†5.55 George Formby in "Keep Fit"
7.15 Mid-Evening News
7.25 Newsweek. Paymasters of Europe?—Britain's membership of the EEC
7.55 Maestro
8.25 Premiere
9.00 Party Political Broadcast (As BBC-1)
9.10 Kelly Monteith
9.40 Diamonds in the Sky
10.30 Richard Stilgoe
10.55 Late News
11.10 Closedown reading

LONDON

9.30 am Schools Programmes. 12.00 Animal Kwackers. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 After Noon Plus. 2.45 London Belongs To Me. 3.45 Looks Familiar. 4.15 Project UFO. 5.15 Mr and Mrs. 5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads
7.00 Britain's Strongest Man
7.30 Charlie's Angels
8.30 TV Eye
9.00 Party Political Broadcast on behalf of the Labour Party
9.10 Fallen Hero
10.10 News
10.40 Thames Report
11.10 The Streets of San Francisco
12.10 am What The Papers Say
12.25 Close: Personal choice with Roy Hudd

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 4.15 Tarzan. 5.15 Bygones. 6.00 About Anglia. 6.20 Arena. 10.40 Frontiers of Discovery. 11.00 Power Without Glory. 12.00 The Living Word.

ATV

12.30 pm The Electric Theatre Show. 1.20 ATV Newsdesk. 4.15 Popeye. 4.20 The Jetsons. 4.45 Project U.F.O. 6.00 ATV Today. 10.40 Format V. 11.20 Cinema Showcase: "The Rise and Rise of Michael Rimmer" starring Peter Cook, Denholm Elliott, Ronald Fraser and Arthur Lowe.

BORDER

1.20 pm Border News. 4.15 Red Gauntlet. 4.45 The Life and Times of Grizzly Adams. 6.00 Lookaround Thursday. 10.40 Boss. 11.10 The Thursday Film: "Yellow Dog." 12.55 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 4.15 Project U.F.O. 5.15 Mr. and Mrs. 6.00 Report at Six. 6.00 Vision USA. 10.38 Channel Late News. 10.42 Jericho. 11.35 Thunderclap. 12.00 News and weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 4.15 Little House on the Prairie. 5.10 Police News-room. 5.15 Mr. and Mrs. 6.00 Grampian Today. 10.40 The Electric Theatre Show. 11.10 Mannix. 12.05 am Reflections. 12.10 Special Edition. 12.40 Grampian Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 4.15 The Woody Woodpecker Show. 4.45 Batman. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Get Some In. 10.40 Celebration. 11.10 What The Papers Say. 11.30 Bluey.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.15 Bailey's Bird. 4.45 Wyatt's Place. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Sports Arena. 10.40 The Golden Harp Awards 1979. 11.15 TV Movie: "The Secret Night Caller."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.45 Seren Wib. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 4.15 Little House on the Prairie. 5.10 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Beverly Hillbillies. 10.45 Late Call. 10.50 Out in a Hundred. 11.20 Foreign Affairs Debate from Glasgow University.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.10 Cartoon. 3.15 Get Some In. 4.15 Tarzan. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 10.40 Southern News Extra. 10.45 Cross-Channel. 11.15 Vegas.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 4.15 You Can Make It. 4.45 The Life and Times of Grizzly Adams. 6.00 Northern Life. 10.40 North East News Headlines. 10.45 Superstar Profile—Liza Minnelli. 11.15 Evening News British Film Awards 1979. 12.05 am Sonja. 12.35 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 10.40 Counterpoint. 11.25 Laverne and Shirley. 11.55 Pro-Celebrity Darts. 12.20 am Bedtime.

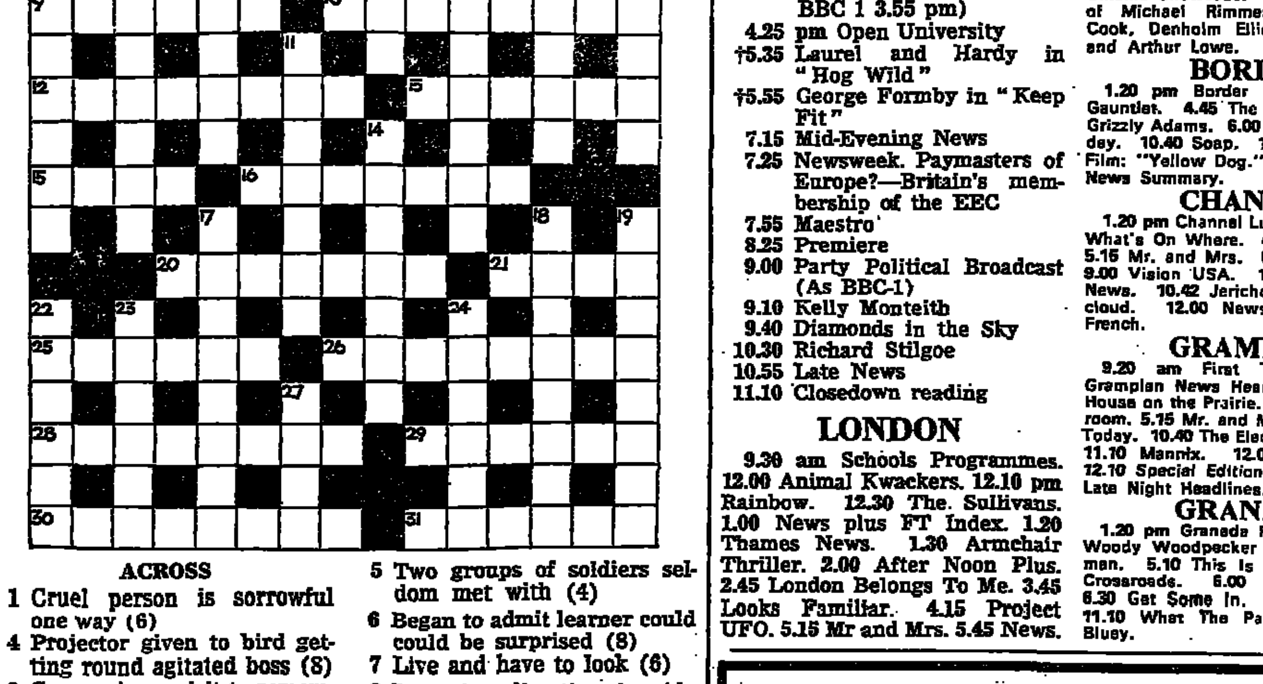
WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.42 Westward Late News. 10.46 Westward Report. 11.15 Politics West. 11.35 Thunderclap. 12.00 Faith for Life. 12.05 am West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 4.15 Rocket Robin Hood. 4.45 Tarzan. 6.00 Calendar (Emley Moor and Belmont editions). 10.40 With a Little Help. 11.10 "Death Stalk" starring Vince Edwards.

F.T. CROSSWORD PUZZLE No. 4,138



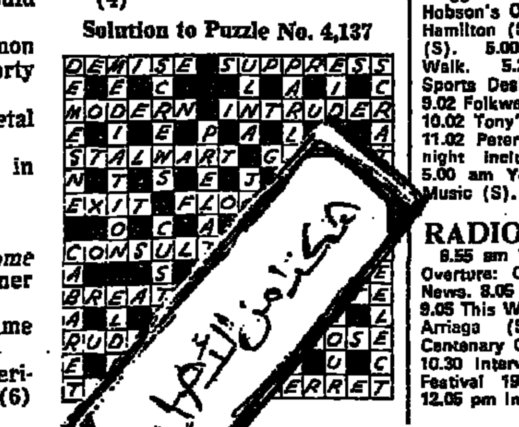
ACROSS

1 Cruel person is sorrowful one way (6)
4 Projector given to bird getting round agitated boss (8)
9 Concerning a visit to remember (6)
10 Clergyman providing Public Relations to all, with hesitation (8)
12 Reduction in rank from French movement (8)
13 Narrow vestment Pole purloined (6)
15 Short letter for backward school (4)
16 He struggles on way to stream (7)
20 Chauvinist making Irishman demonstrate (7)
21 Romancer returning to scoff (4)
25 Oriental flower feast (6)
26 Being agile he accepts direction in attic (8)
28 Even dice shaken up could provide testimony (8)
29 Worker involved in Common Agricultural Policy has forty winks (6)
30 Can race in coated metal (3-5)
31 Plant in thoroughfare in Somerset town (6)

DOWN

1 *Astrid entertains to some extent in a grating manner* (8)
2 Rodents coming up in time for slaughter (8)
3 Greeting from South American stringed instrument (6)
5 Two groups of soldiers seldom met with (4)
6 Began to admit learner could could be surprised (8)
7 Live and have to look (6)
8 I receive direction in side of stage for electrical work (6)
11 Dawdle with youth leader in *China?* (7)
14 East German in mature repartee (7)
17 Good-bye from passenger in good health (8)
18 Side can't possibly be far away (8)
19 Crazy person may break the vessel (8)
22 Leave waste (6)
23 When to endorse transfer (6)
24 Easily managed unit in factory (6)
27 Extraordinary cost of tax (4)

Solution to Puzzle No. 4,137



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1485kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Derek Hobson's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Tony's. 10.30 Star Sound Extra. 11.02 Peter Clayton with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture: Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composers: Soler and Arriaga (S). 9.45 Frank Bridge Centenary Concert (S) including 10.25-10.30 Interval Reading. 11.30 Vienna Festival 1979: Concert, part 1 (S). 12.05 pm In Short (talk). 12.10 Vienna Festival 1979, part 2 (S). 1.00 News. 1.05 Manchester Midday Concert (S). 2.00 "A Village Romeo and Juliet," opera in six scenes by Delius. 3.50 Harrogate Festival 1979 (S). 4.35 Stockholm-Philharmonic Brass Ensemble (S). 5.25 Homeward Bound (S) (‡ and mono only from 5.50) including 5.45-5.50 News. ‡6.15 At Home. 7.15 Talking About Music with Antony Hopkins (S). 7.45 Politics, Economics and the International System. 8.45 Gervase de Peyer concert (S). 9.25 *Six Continents*. 9.40 Arturo Benedetti Michelangeli piano recital. 10.05 What Books I Please (talk by John Updike). 10.25 Building a Library (S). 11.15 Lutoslawski Conducts Lutoslawski (S). 11.55-12.00 News.

VHF only—5.50-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00, Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.05 The Movie Moguls. 10.30 Daily Service. 10.45 Whip Hand. 11.00 News. 11.05 File on 4. 11.50 A Certain Style. 12.00 News. 12.02 pm You and Yours. 12.27 Many a Slip (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 A Golden Jubilee Recital for Yehudi Menuhin, part 1: Beethoven, Bach (S). 8.35 John Wells On . . . 8.55 Recital, part 2: Chausson (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

THE ARTS

Record Review

Repertory round-up—1 by MAX LOPPERT

Mozart: Don Giovanni. Weikl, Bacquier, Margaret Price, Sass, Popp, Burrows, Moll, Sramek/LPO, London Opera Chorus/Solti. Decca D162D4 (4 records), £19.95.

Mozart: Don Giovanni. Raimondi, van Dam, Moser, Te Kanawa, Berganza, Riegel, Macurdy, King/Orchestra and chorus of Paris Opéra/Maazel. CBS 79321 (3 records), £12.49.

Mozart: La clemenza di Tito. Schreier, Varady, Berganza, Mathis, Schiml, Adam/Staatskapelle Dresden, Leipzig Radio Chorus/Böhm. DG 2740 208 (3 records), £15.17.

Strauss: Elektra. Borkh, Schech, Madeira, Fischer - Dieskau, etc. / Staatskapelle Dresden, chorus of Dresden Staatsoper/Böhm. DG 2721 187 (2 records), £8.04.

Strauss: Ariadne auf Naxos. Leontyne Price, Gruberova, Kollo, Troyanos, Berry, Kunz, etc./LPO/Solti. Decca D103D3 (3 records), £15.75.

Humperdinck: Hänsel und Gretel. Cotrubas, von Stade, Söderström, Ludwig, Nimsgern, Te Kanawa, Welting/Gürzenich Orchestra, children's chorus of Cologne Opera/Pritchard. CBS 79217 (2 records), £7.99 until December 31, then £9.59.

Solti's and Maazel's sets of *Don Giovanni* come together, and must be considered together; but they are sufficiently unlike as performances to render direct comparisons unnecessary. The first is a gathering in the studio of (mostly) superior performers; it bears no relation to the casts assembled for Solti at Covent Garden in the 60s, or more recently at the Paris Opéra. It is not as disparate as that may suggest; in Classical opera, though we miss qualities of charm, on the one hand, and long line, on the other—qualities never, in any case, very closely associated with this conductor—we cannot fail to admire the determination and the decision of Solti's interpretation, his concentration on scrupulously balanced vocal and instrumental articulation to serve dramatic ends. But it fails to "add up." Margaret Price's Anna (the most brilliant, if arguably also the coldest, on records) and Sylvia Sass's swooning, but not unmoving (and supply phrased) Elvira hardly belong in the same opera—and if they do, how does that place Bernd Weikl's demotically cheery, non-legato assault on the title role? As a whole, this is a collation of highlights, some of them high indeed; Gabriel Bacquier, formerly a Don and now a servant of treasurable dry wit, provides a solid share of them. But that is not the same thing as an integrated and thoroughly considered *Don Giovanni*.

For better or for worse—mostly the latter, in view of the blowzy, bathroomy sound-picture composed by the CBS recording—the Maazel set achieves a higher degree of artistic unity. It is the "soundtrack" of the forthcoming Joseph Losey film; and, without sight of the complete product, we may still guess that film director and conductor have agreed on a bleak reading of the *dramma giocoso*, for it proves a good deal shorter on charm than Solti's, unrelentingly hard-driven and fierce in its dynamic contrasts. The master-servant relationship is based, it seems, on a fully reciprocated mutual dislike—Ruggero Raimondi (how good to hear an Italian, and a stylish Italian at that, in Mozart!) snarls at the Uriah Heep-like Leporello of José van Dam with sometimes alarming violence. The bleakness spreads in other directions: Edda Moser pushes her voice to its limits, and beyond, for a hair-raising account of "Or sai chi l'onore" and its preceding recitative; the melting side of the Te Kanawa Elvira is underplayed (though not pushed wholly out of sight); the vocal glints of Berganza's *Zerlina* suggest no *Mozartkugel* in human form but an earthy peasant woman of few illusions (and those soon lost). It is a set eminently worth hearing, as any successful "partial" account of the opera must be. But it is hardly to be recommended on other, more general grounds.

In celebration of Karl Böhm's 85th birthday, Deutsche Grammophon has packaged an imposing box of seven of his Mozart opera recordings. Available therein, and also separately, is the latest of them, a statuesque and undramatic *Clemenza di Tito*. To those whose view of the work accords with those epithets, and who have not been persuaded by Colin Davis (first at Covent Garden and later on the superb Philips recording) that from the late Mozart *opera seria* is to be drawn an impassioned music drama, Böhm's spacious, grandly shaped, and very beautifully played performance will prove grateful listening. Not uninterruptedly grateful: the standard of the singing is less exalted than that of the playing. Berganza, Sextus, strikes infirm patches; while noticeably more comfortable in coping with the florid hurdles of Titus's music than either of his recorded rivals, Peter Schreier sounds more head prefect than Roman emperor; and at the bottom end, Marga Schiml's Annius is a provincial disgrace. Julia Varady's Vitellia is a *fascinating* portrayal—sharp-cut, vibrant and properly at home in a quiet different style of performance.

Also newly before the public are Böhm's many Richard Strauss opera sets. Their re-release has deprived the average British listener of a necessity doubly necessary for getting to grips with these notably wordy and word-conscious collaborations—an English translation. Still, all have definite merits, none more so than Böhm's *Elektra*. The opera is Strauss's noblest, and it best exemplifies the conductor's art of lightening and clarifying massively piled textures, of discovering an unfailingly natural dramatic pace. Inge Borkh's Electra is wonderful—not tirelessly trumpet-toned in the Nilsson manner, but inflected with searching eloquence, emotionally unstinting, the more heroic for occasional unequal vocal struggles. (Against these many virtues must be weighed the mortal sin of gruesome cuts, many of them sanctioned by "theatre practice," none of them acceptable.) For Solti's latest Strauss effort, *Ariadne*, I can find, by contrast, hardly a good word. The pacing, particularly of the "opera," is painfully unnatural; bouts of draggingly slow tempo, rhythmically ill-supported, threaten to bring the musical paragraphs to an unwanted full stop. The cast—Tatiana Troyanos's solid (if not very radiant) Composer, Walter Berry's wise Music Master, and the sweet-toned Echo of Norma Burrowes honourably expected—is disappointingly weak, though lovers of Leontyne Price's full-throated vocalism may recognise one or two ample phrases amid the prevailing fog.

On paper at least, the cast of the latest *Hansel and Gretel* is strong—so why the slight disappointment here? Partly, I think, the rather utilitarian though perfectly respectable playing of the Cologne orchestra, and principally the pleasant, ultimately somewhat soporific effect of John Pritchard's very mild conducting. Not forcing the pace is one thing, failing to define detail and build momentum another—and I fear that the conductor has confused the one thing with the other. Cotrubas and von Stade are as delightful as one might have expected (though the latter appears to believe that the regular pitching of notes fractionally below true constitutes the expression of carefree boyishness). Nimsgern is a coarse father, and Christa Ludwig is sadly shrill, vinegary mother; Söderström's witch, an inventive piece of casting, reveals itself as an elaborate and rather monstrous parody of what I take to be Schwarzkopfian mannerism, all swoops, flutters, and bizarrely elastic vowels.

Shaftesbury

Irma la Douce

by B. A. YOUNG

The Paris taxi-driver Alexandre Breffort wrote a bawdy fairy-tale for his cabaret, about a simple law-student who became ponce to the most beautiful *poule* in Montmartre, disguised himself as a wealthy old man so that he could pay back all the *grisbi* she gave him, was sent to Devil's Island when in a fit of irrational jealousy he faked the old man's murder, escaped, came home and lived happily ever after.

Peter Brook called in Julian More, David Heneker and Monty Norman to adapt the book and write new lyrics for Marguerite Monnot's nice songs and turn the cabaret into a full-scale musical. Now Billy Wilson, triple Tony nomination (three time a bridesmaid, never a bride) has turned it into a ballet.

The routines he has devised for the *mecs* of underworld Paris are fast and exciting, and ably danced by the company. It is a pity that the opportunity for movement disappears a good deal in the second act, which mostly takes place in Devil's Island, but throughout the evening the dancing is the focus. The acting is another matter.

Helen Gelzer is beyond criticism on this score, for she only has to come onstage and be herself and she wins all hearts, including mine. She is a black actress of surpassing beauty who sings like a black angel, and there is no reason why a *poule* should not be something like this. But she needs a really romantic young man for Nestor-le-Fripe, the law student who against all probability outbids the local gang boss and gets the girl. Charles Dance is not romantic at all. I never saw such an unmoved face as his when he was singing "Our language of love" with Miss Gelzer. I don't ask that he should be *fripe* (which means wrinkled); I only want him to radiate some kind of real emotion, preferably love.

Leonard Burt

Charles Dance and Helen Gelzer

Two small parts deserve notice. Bernard Spear as Bob-le-Hotu, barman and narrator, who does what he can with the coy chat he has to let loose on the house, and Dave Calderhead as the police-inspector, a kind of shifty half-scale Maigret. See him jumping the queue outside Irma's place of work while pretending his mind is on other matters.

The songs are for the most part decently sung, though Miss Gelzer must try not to take a breath between "Dis" and "donc" in "Dis-donc," her best number, which will win her an encore every night. I can't say I went overboard for the scenery designed by Voytek, which as far as I am concerned suggests Monmouth as much as Montmartre and does not fill the stage richly enough.

Half Moon

Mayakovsky

by MICHAEL COVENEY

Having decided to take on a rather arid and jejune East German play by Stefan Schütz (b. 1944) abount the Futurist revolutionary post, Vladimir Mayakovsky, director Robert Walker has sensibly thrown all reverence to the winds and packaged a somewhat jokey evening about the struggle of individual conscience against cartoon bureaucracy. Once Mayakovsky has decided that the Revolution has been wrapped up in red tape, he is injected with a Stalinist serum and splits into two characters. While Peter Attard sneers unblinkingly at the array of squeakily conformist stooges, the State-approved writer rises like Frankenstein's monster in the shape of Robin Soans's stiffly gesticulating yes-men.

The second Mayakovsky leads the first around Moscow on a dog-chain before hounding his other self to a premature death and freezing into the attitude of the statue that still stands in his name. I is no wonder that the play remains unperformed in East Germany, but its message for London audiences is both familiar and curiously mundane. Who, after all, does not care about an artist who compromised his vocation and then worried about maintaining the mask? At least Mr. Walker cleverly acknowledges the Meyerhold connection with his gallery of screeching bureaucrats and overweight Stalinist writers, all played by a company of four.

The translation by Tom Kempinski is as humourless as I imagine the original to be. Lily Brik, for instance, a loyal second in the boxing ring where Mayakovsky is accused of sabotaging the Socialist Reconstruction by wasting paper, is embarrassingly true to her name by dropping such lines as "Why don't you go and see Lunacharsky You've still got a bit of pull there." A little later she turns on her loved one with "Call yourself a Futurist? You put everything at risk!" Little wonder, then, that she finally delivers herself of the ultimate threat: "I'm going to London—with Ossip!" What with Stalin and a crtical lover, life sure was no bowl of cherries for old Vladimir.

Leonard Burt

Lizza Aiken and Peter Attard

Show Boat in Berlin by RONALD HOLLOWAY

After the eye-catcher in *Wie Einst im Mai (Once in May)*—the first locomotive pulls into a mid-19th-century railway station in Berlin—it was only natural that manager Karl Vibach should bring back more of the same to his next production at the Theater des Westens, the Berlin "musical and operetta" house designed as a showcase for all of West Germany. Vibach's calling card at the beginning of the present season is Jerome Kern and Oscar Hammerstein II's *Show Boat*—and the eye-catcher is the steamboat's docking manoeuvre in the opening scene.

This is the second American musical the theatre has offered to a ready and willing Berlin public. The first, *Cabaret*, opened the plush, renovated Theater des Westens last Christmas: it provided a nostalgic return to the Roarin' Twenties in Berlin, leaning heavily on the success of the film version for effect (which ran two years on the Kudam in the Smoky cinema). This time, and with some justification, the emphasis was on finding another convenient link between the musical and operetta traditions of the two continents. Since both Kern and Hammerstein were of German descent, why not *Show Boat*?

Vibach added another twist. He hired a complete American production team: director, Edward M. Greenberg (don't be fooled: he can handle his German about as well as his other chores), aided by Yankee costume and sets experts, plus Gilbert Price singing "Old Man River" in English and Vera Little as Queenie. Price and Little in the supporting roles lent that note of authenticity the musical badly needed.

Show Boat, unfortunately, is too much show and not enough up-front talent. Although the orchestra (under Wolfgang Peters) and eye-fillers (the Theater des Westens exudes a nineteenth-century atmosphere) are alone worth the price of a ticket, the leads—Joachim Kemmer as Gaylord Ravenal and Jutta-Renate Ihloff (on loan from the opera house)—can't combine acting and singing duties (let alone dancing) with any degree of professional verve. And since *Show Boat* is a musical with depth and comic touches all along the way, it badly needs a couple of "entertainers" to put it over at just the right moments.

Molière in Paris by NICHOLAS POWELL

Antoine Vitez's productions of Molière's *Ecole des Femmes*, *Tartuffe*, *Dom Juan* and *Le Misanthrope* (using the same actors, scenery and props) at the Théâtre de la Porte Saint Martin in Paris are a mixed and disappointing bag.

One of Vitez's main blunders is to have treated Molière as a stale fourth form reader in need of theatrical facelift. He seems bent on undoing Molière's great achievement of making comedy "serious" by mistrusting the verbal brilliance of the texts to tack on slapstick stunts which, at best irrelevant, reduce the comedy to badly performed frivolity.

Hence in Act III of *Dom Juan* Dom Carlos's and Dom Alonse's argument about the compatibility of revenge and honour—which gets Dom Juan off the hook—is reduced to a shrill squabble with both characters wrestling on the stage.

As if Alexandrines were essentially embarrassing, Vitez has dislocated the rapid fire of certain dialogues: the exchanges lose their punch, the plays their rhythm.

But the cardinal error—although actors' fatigue and bad casting may be partly to blame—is to have fallen into caricature, too often making the male characters into grotesques and the female roles into hysterics or idiots. Done Elvire in Act I of "Dom Juan," for example, flails around stage like a distressed teeny bopper. Agnes in *L'Ecole des Femmes* is less Molière's ambiguous, blossoming "jeune fille innocente" than a mindless doll.

Dom Juan and *Le Misanthrope* are less flawed than *Ecole des Femmes* or *Tartuffe*. Jean-Claude Durand as Dom Juan has fine presence and vocal expression as a pale and sensual evil liver whose real pleasure is power; sex as conquest necessitates variety. Vitez's originality is to play Dom Juan as a narcissist and voyeur, whose own arousal depends on perceiving the other's excitement. Even his repudiation of Done Elvire in Act I is erotic.

He is effectively counterbalanced by a solid Sganarelle (Gilbert Vilhon) who, condemned to serve his master's evil scheme urges repentance as far as he dare. The minor Act IV figures of Monsieur Dimanche and Dom Louis, Dom Juan's father are respectively over and underacted. Vitez underlines their conflicts with Dom Juan by having them threatened and manhandled by the servants—a brutality which serves only to camouflage the more important verbal fireworks.

Le Misanthrope is the best production with a fine Alceste (Marc Delsaert) as the moral hypersentitive striving to quit a world to which he is bound and falling in love with a coquette at the same time.

Vitez plays Le Misanthrope straight. There is practically no falling about, but a very sensitive and well worked out use of movement. Celimene (Jany Gastaldi) is a delicate coquette whose social game playing marks a desire to use the ropes to survive. The scene in which she bares her claws to fight the incriminating, older Arsinoe is a masterpiece of a catfight with exquisite courtesy drawing blood.

Le Misanthrope is the only play in which Vitez's use of pauses between exchanges works to advantage in building up atmosphere around the broody Alceste. Celimene's hangers-on Acaste and Clitandre are played as idle fops and although on the brink of caricature are valid in setting off the impossibly sincere Alceste, whose main mistake is not recognising that his beloved Celimene is rather young and rather lonely.

L'Ecole des Femmes could have provided Vitez with splendid material. But the crackling ironies of Act I—when the ageing Arnolphe, terrified of cuckoldry even before getting married, meets his beloved's lover—are blotted out by overacting by Didier Sandre as Arnolphe and Richard Fontana as Horace.

Arnolphe's extravagant plan to bring up his young ward in ignorance of the world so as not to be cuckelded when he marries her falls about his ears when Agnes (Dominique Valadie) shows signs of natural instincts for Horace. Arnolphe's dilemma is that Agnes accepts him as a father figure, but proves insensitive when he abuses paternal authority to turn her into his wife. With Arnolphe drawn as a spluttering buffoon the pathos and the real comedy are lost. Agnes is no innocent saved by her own natural desires but an idiot whose fate inspires no sympathy. With Horace acting like a cowboy out for easy laughs it becomes difficult to care who marries whom.

Tartuffe falls flat owing to comic imbalance, poor acting and comparison with Roger Planchon's splendid production three years ago.

Madame Pernelle is no longer a ratty old grandmother but an ominous witch. Didier Sandre, however, shines as the patient and reasonable Cleante while Nada Strancar is full of commonsense and energy as Dorine the maid. Dominique Valadie is a fragile Mariane browbeaten by her temporarily insane father. Her lover Valère (Jean-Claude Durand) is played, inexplicably, as a buffoon.

Richard Fontana as Tartuffe is too young and shallow: the character on whom so much hangs seems no more than a rake on the make with a good line in theology. The main character of Orgon is similarly thin. Daniel Martin who plays the part looks hardly out of his teens and has none of the subtlety or depth required.

Vitez gives no indication why he afflicts several characters—Madame Pernelle, Tartuffe, Arnolphe, Orgon—with a hacking cough. One fears a reference to the tuberculosis which killed Molière. As Dorante remarks in La Critique de l'Ecole des Femmes: "It is a strange enterprise to make decent people laugh."

Melody Maker pop awards

The Old Guard has re-asserted itself in the annual Melody Maker's readers' poll of the tops in popular music. Led Zeppelin, formed a decade ago, scooped seven of the 20 awards, probably because it performed in the UK, at Knebworth in the summer, for the first time in four years. Led Zeppelin was named as Band of the Year, Top Live Act, and Top Composers, and its LP "In through the out-door" was voted best album.

Individually Robert Plant replaced Jon Anderson of Yes as top male singer and Jimmy Page pipped Yes's Steve Howe as top guitarist as well as replacing Genesis and David Hentschell as top producer.

As usual the readers expressed very conservative tastes. Top female singer, once again, was Kate Bush while the best single was "I don't like Mondays" by the Boomtown Rats; best disco record "Heart of Glass" by Blondie; and brightest hope, Gary Numan. Just how rooted in tradition popular opinion is shows through in the naming of Rick Wakeman as top keyboard artist; the Old Grey Whistle Test as top TV show, and John Peel as top DJ, for the ninth successive year.

A.T.

Arts Council awards to composers

The Arts Council has approved a number of awards to composers to enable them to undertake a commission from a promoting or performing body. Among these are Harrison Birtwistle (45) for a work commissioned by the 1981 Leeds Festival to be performed by the Leeds Festival Chorus and the Grimethorpe Colliery Band.

Gordon Crosse (42) receives an award for a choral and orchestral work to be performed by Chetham's School Choir and Orchestra in July 1980, commissioned by the Manchester Festival.

Dominic Muldowney (27), music director at the National Theatre, has been given an award for a work entitled *Six Psalms* for soprano, tenor, chorus and double wind quintet, commissioned by the Arts Centre, Christ's Hospital, Horsham.

FINANCIAL TIMES
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Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
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Thursday November 29 1979

BL's task of persuasion

SO FAR the consequences of BL's decision to dismiss Mr. Derek Robinson, the Longbridge convener and chairman of the unofficial shop stewards' combine, appear to have been favourable to the company. A full-scale official strike was threatened, but the leaders of the AEUW, Mr. Robinson's union, were sufficiently impressed by Sir Michael Edwardes' warnings to order their members back to work, pending a union inquiry into Mr. Robinson's case. The other big union involved, the TGWU, reluctantly followed suit.

Some industrial relations practitioners regarded the management's decision to fire Mr. Robinson as foolhardy, likely to make a martyr of a man whose prestige and authority were already on the wane. But BL evidently felt that Mr. Robinson's attempt to obstruct a rationalisation plan which had already been overwhelmingly approved by the workforce in a ballot, could not be ignored or condoned, especially in the light of previous warnings.

Consistent

In taking this step—and in refusing to give way to the subsequent pressure from national union officials—Sir Michael Edwardes has reinforced his reputation as a tough and determined manager. Arguably the lack of such toughness, consistently applied, has been one of the causes of the company's present enfeebled state: too many threats have been made which have not been carried out, with the result that the credibility of management has been undermined. A vaccillating management is a recipe for bad industrial relations.

It remains true, nevertheless, that no company, least of all one whose problems are as deep-seated as those of BL, can be run by management fiat. The co-operation of the employees and their trade union representatives has to be obtained for the changes which Sir Michael believes are urgently needed. These involve not only plant closures and redundancies, but also far-reaching reforms in work practices and payment systems, designed to raise BL's abysmally low level of productivity.

Will the dismissal of Mr. Robinson make it easier to obtain the necessary co-operation from the workforce? As the BL management saw it, Mr. Robinson was increasingly using his position to frustrate effective communication with the employees and to promote action which ran directly counter to the management's stated policies. He had been a strong supporter of the 1975 Ryder plan for British Leyland and had been very much involved in the management-union participation committees which were set up at that time. With the arrival of Sir Michael Edwardes, and the abandonment of the over-ambitious Ryder targets for sales and production capacity, relations between the management and the shop stewards' combine have deteriorated.

The dismissal of Mr. Robinson and the disciplining of several of his colleagues are unlikely to lead to the demise of the combine, however much the management and full-time union officials would like to see it. The company will have to go on living with the existence of a strong, or potentially strong, shop steward movement operating alongside and sometimes in opposition to the official union leadership. Moreover, despite the success of the "moderates" on the AEUW executive in preventing an official strike, the political strains within that union and its rivalry with the TGWU remain unstable elements in the situation.

Somehow the management has to find a way through these conflicting forces and get its message understood and accepted by the employees of the company. First it has to convince them that, if BL is to have any future at all, let alone any prospect of growth, a contraction of capacity is necessary and the plants which survive have to be efficiently manned and operated. Second, it has to win support for the specific changes in working practices which have just been presented to the workforce in a lengthy company document. These changes will require painstaking, detailed negotiations in which the shop stewards will play an important part.

Patience

It is a formidable exercise in communication and persuasion, requiring patience and skill from BL executives at all levels—at the same time as they are fighting to keep the company alive in the marketplace and to bring badly-needed new models into production. The Robinson affair is a reminder that the patience of management is not unlimited and that liquidation is inevitable if the company's internal problems are not solved.

S. Africa and its borders

THE VISIT of Mr. Pik Botha, the South African Foreign Minister, to London yesterday was well timed. He has frequently been expressing his Government's fears about developments in southern Africa. But it is also right that he should be aware of the concerns which exist about South Africa's future role in the area.

In recent times Pretoria has been openly warning of the conditions under which it might step up its military intervention in Rhodesia. It would, to put it mildly, be upset by the emergence of Mr. Robert Mugabe as head of any future government in Salisbury. It is easy to counter that it has survived the arrival of Marxist regimes in Angola and Mozambique. But, in South Africa, Rhodesia is seen as different. In the first place there is the question of "kith and kin": about one-half of the 200,000 whites remaining in Rhodesia are Afrikaaners and South African public opinion is more exercised over these than it was over the Portuguese colonial settlers.

Monitoring

Secondly, there is a widespread belief in that other familiar concept, the domino theory. If Rhodesia should go Marxist would not Zambia and Botswana follow? And then what would be the prospects for Namibia and the 90,000 Afrikaaners there? But, it is one thing to object to the regime in a neighbouring country, it is another to have the right to intervene because of these objections. It is a third to continue to intervene when the UN and the world community demand the ending of intervention. Such is the situation in Namibia.

The attention paid to Rhodesia has distracted attention from recent developments concerning this territory. Two weeks ago "proximity talks" were held in Geneva on the latest amendments to the United Nation's peace plan for Namibia. Earlier the sticking points had been South African demands for the monitoring of South West African People's Organisation bases in Angola and Zambia. There was also an issue over what would happen to SWAPO forces inside Namibia at the time of any ceasefire.

At Geneva the Uited Nations and the Western contact group—Britain, Canada, France, the U.S. and West Germany—backed a proposal originally emanating from Luanda for the establishment of a 50-mile demilitarised zone. SWAPO accepted this subject to agreement on the details. But the Demokratik Turnhalle Alliance, Pretoria's principal ally in Namibia, yesterday expressed its "serious reservations" about the practicability of the proposal.

On the face of it the situation is Rhodesia in reverse—the guerrilla forces accepting outside proposals and the "internal settlement" digging in its heels. There is also the similarity of the tactics used: South Africa has made raids into Angola and is backing the UNITA guerrilla movement just as Salisbury has been using force inside Mozambique and Zambia. There is also the linkage which South Africa makes between the two issues. Pretoria has been making it clear that it is unwilling to move on Namibia until it can see the shape of the new situation which may emerge in Salisbury.

Anxiety

Many South Africans appear to feel that any further changes to their north must be resisted to the end. Others would argue that, whatever happens in Rhodesia, SWAPO has been so disrupted—not least by some harsh police tactics—that it has no real chance in any elections inside Namibia. But yesterday Mr. Botha was stressing his anxiety over the territory. On December 5 its future is due to be debated by the UN General Assembly. At the last vote in May 118 votes were cast in favour and none against a strong condemnation of South Africa. It was then urged that the Security Council start sanctions against South Africa. So far the contact group has been instrumental in delaying any such move. But it will require something more than a gesture from Pretoria if it is to continue to hold the tide.

EEC SUMMIT AT THE CASTLE

BY REGINALD DALE, EUROPEAN EDITOR

An exposed Mrs. Thatcher on the Dublin stage

IN DUBLIN CASTLE over the next two days, Mrs. Thatcher will be out on a very long diplomatic limb. Her demands for a radical reduction in Britain's contribution to the EEC budget go way beyond anything her partners look ready, or able, to accept. And yet in the run-up to the nine-nation Dublin summit, the Prime Minister has given few public indications that she is ready to settle for a compromise. "Half a loaf," she told President Valery Giscard d'Estaing in London last week, "is not enough."

There are those who applaud Mrs. Thatcher's "brinkwomanship." They argue that a tough British line paid off in the Rhodesia talks and that she should in any case go into the summit with her maximum negotiating position intact. There are even senior officials in the European Commission who believe she has been tactically wise to stick to her demand for "broad balance" in the UK's budgetary payments, leaving precise figures to be discussed in Dublin. But nobody in the other eight countries yet believes that she will finally emerge from the summit with an arrangement that can be described as "broad balance" without doing serious violence to the English language.

The many people in both Whitehall and Westminster who share this view fear that the Prime Minister has put herself in a dangerously exposed position from which retreat, even in small measure, will be exceeding difficult.

It has been commonplace in London in recent weeks to hear civil servants bemoaning the fact that Lord Carrington has spent so much time on Zimbabwe-Rhodesia that he has not been able to play a major role in the preparations for Dublin. The implication is that, had he done so, he would have advised Mrs. Thatcher to take a less strident line on the budget. A major feature of the British approach in recent days has been the dropping of heavy hints about the disruption Britain could cause in the Community if it is frustrated in its budgetary demands.

It was perhaps significant that Lord Carrington gave the first indication he might play a peace-making role earlier this week, when he described the argument as a "family squabble" that should not be allowed to deflect the Community from its broader aims.

It is not that the other Governments are unsympathetic to Britain's plight. Most of them would agree with Mrs. Thatcher's description of the UK's estimated net contribution of well over £1bn next year as "inequitable." The UK is, after all, the third poorest member of the Community (after Ireland and Italy), but is about to become by far the biggest net source of Community finance. If nothing is done, by 1985 the UK will be transferring an annual £1.5bn or more of its own scarce resources across the exchanges to other mostly more prosperous countries.

During the original entry negotiations, in November 1970, the then Six agreed that "should unacceptable situations arise within the present Community or an enlarged Community, the very survival of the Community would demand that the institutions find equitable solutions." This was intended as a reference to budgetary contributions and few would dispute the British case that just such an "unacceptable situation" has now arisen. Even the French, the least inclined to make concessions in Dublin, are expressing understanding for Britain's problem, although they reject Mrs. Thatcher's approach to its solution.

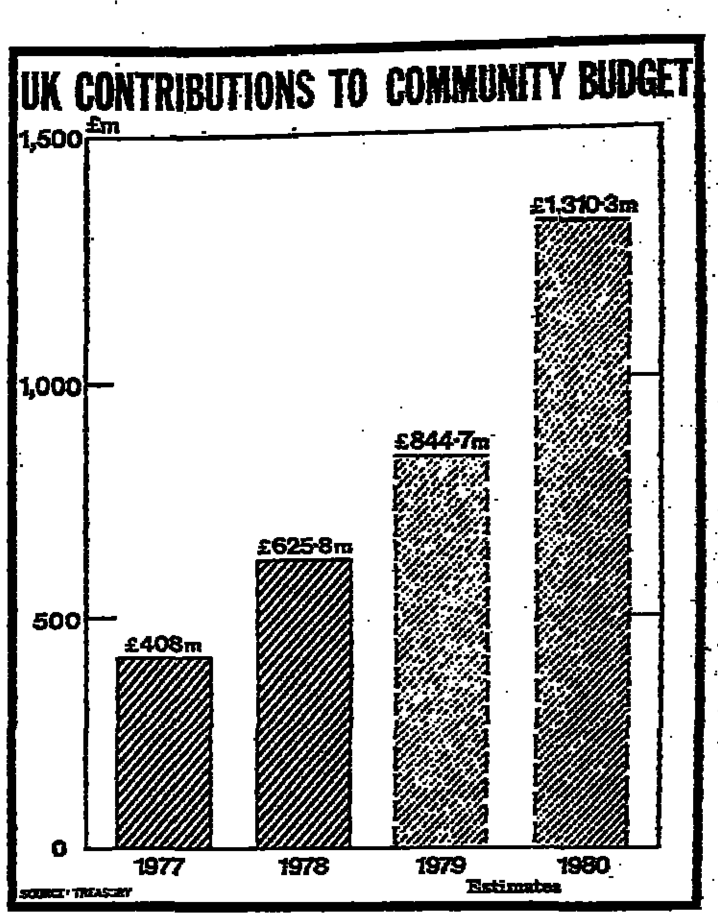
But it is Herr Helmut Schmidt, the West German Chancellor, who has been the most active of the other EEC leaders in seeking an answer. It is not just that he appreciates the British case as such. He is seriously concerned at the wider threat to the Community—if the problem is not solved quickly—at a time when the West should be pulling together. With question marks over the future leadership of both superpowers, Iran in turmoil and a growing Soviet military threat to Western Europe, it is not a moment for "family squabbles" in the Community in West Germany's view.

West German officials insist that they are not trying to play a broker's role between London and Paris. Nor would they wish to jeopardise Franco-German relations on Britain's behalf. But they have been actively promoting a package deal in Dublin that would help to get both Britain and France off the hook.

Even so, West Germany, with its powerful farm lobby and an election next year, cannot afford to be over-generous. Its proposed solution goes nowhere near meeting Mrs. Thatcher's demands for "broad balance." Bon says it is ready to back an arrangement under which the UK's net contribution would be cut by about 40 per cent next year.

A reduction of about £350m could be achieved by improving the so-called "corrective mechanism," triumphantly negotiated by Sir Harold Wilson at the last Dublin summit in 1975, to ensure that it actually worked. This sum could be increased by earmarking extra amounts of Community funds for Britain in areas like regional and social policy.

German thinking is closely mirrored in latest suggestions by the Commission which contain three separate elements. The first is the improvement of the "corrective mechanism," the second a move to increase UK receipts from the budget on the lines favoured by Bonn, and the third a commitment to reform the whole structure of the budget in future so that much less than the current 75 per cent is devoted to agriculture.



The figures include Britain's contribution in respect of EEC aid to Third countries appearing in community statistics. The UK's "aid" element for 1980 is £86m.

British officials feel this is only "moderately helpful." The precise financial consequences of the Commission proposals are, they say, vague, whereas the UK wants to be able to quantify the outcome of Dublin in pounds and pence.

Following a Benelux summit in Brussels last week, the leaders of Belgium, the Netherlands and Luxembourg are likely to line up fairly closely with West Germany and the Commission in Dublin. The Benelux countries have not put a figure on the total amount they think Britain should get back, preferring to leave detailed bargaining for the summit. But they have expressed general *sympathy for Britain's problem.*

The most sympathetic of the Nine remains Italy, the other major "poor" member. But there are a number of reasons why its practical influence in Dublin may be limited. First, recent Commission figures have shown that Rome is no longer, contrary to a widespread belief in Italy, a major net contributor to the budget. While 1978 showed a deficit, 1979 (and to a greater extent 1980) are likely to see a surplus for Italy—although Rome is contesting the Commission's precise figures.

Second, the Italian Government is itself divided. While the Treasury wants to see a cut in the proportion of the budget going to agriculture (though not a cut in absolute spending on the Common Agricultural Policy), the Ministry of Agriculture is hostile.

Third, the Italians, like France and the Benelux countries, firmly oppose the principle of the "juste retour," or "fair return," if that indeed is what Mrs. Thatcher is demanding. Rome says that if Mrs. Thatcher's insistence on "broad balance" implies that each country should have the right to get back what it puts in, *then some of the* fundamental principles on which the Community is constructed will be undermined. The same point was made by President Giscard d'Estaing in London last week.

British officials are understandably cagey about what "broad balance" really means. That, some of them say, will only emerge after Dublin, not before. But they maintain that it does not necessarily mean plus-and-minus zero at the bottom of the balance sheet every year. France, they say, which was in surplus but will be in small net deficit this year and next, is an example of what they mean. (France's estimated deficit for next year is under £100m.)

The near-balance in French payments has been used by President Giscard d'Estaing to support his claim that the budget is not an issue between Britain and France but one for the Community as a whole. He is not keen to bend Community rules, which the UK has already twice accepted—on entry and at the last Dublin summit—and he does not want to commit France to a great deal of further expense at a time when he is already under domestic political fire with his 1981 re-election campaign looming on the horizon.

The French argue, as do the Danes, that the UK would contribute less (in the form of customs duties and farm levies) if it traded more with its Community partners and less with the outside world. The British argue that they have done as much as they can on this score (see table), and that the shift in trading patterns can only help to provide a solution over the longer term.

Britain will also firmly resist any suggestion that a solution to the budgetary problem should be part of a larger package involving, say, fish, lamb and oil prices, on all of which one or more other countries are seeking British concessions. But EEC packages are not always as formal as they sometimes appear. Herr Schmidt, for example, without making a direct link, is likely to argue that the general atmosphere would be improved if Mrs. Thatcher gave some assurance that the UK would not raise North Sea oil prices faster than OPEC—a charge which the British deny but which has caused some anguish in Bonn.

President Giscard d'Estaing has signalled that he wants to raise the lamb issue, which has set London against Paris in recent weeks. The Irish, in the chair, will also, as a "poor" country, be looking for a solution that is acceptable to Britain, but keeping a sharp eye on their own agricultural interests.

Despite the threatening noises from Whitehall, Mrs. Thatcher has said she will do nothing illegal if she fails to win satisfaction in Dublin. The policy of the "empty chair" is viewed in London as counter-productive. Mrs. Thatcher said last week that if she was not offered enough, she would simply, like Oliver Twist, "ask for more." She hinted that there will still some leeway after Dublin in that the solution she is seeking is designed to cover the British budgetary year 1980-81, which runs from end-March to end-March, rather than the Community year which starts on January 1.

Earlier this week, President Giscard d'Estaing accepted that the Commission's proposals provided a good basis for a solution. This has been taken to mean that the French at least agree that the "corrective mechanism" should be adapted to save Britain £350m. But there is a long way between that and "broad balance."

Whether the Community is plunged into a crisis at Dublin, or Mrs. Thatcher returns home triumphant, may well depend on her interpretation of how broad is "broad."

CHANGING TRADE PATTERNS

Imports from EEC as percentage of total imports

	1968	1972	1979	Change 72-79
France	52.7	56.0	51.4	—4.6
Italy	41.4	49.2	44.7	—4.5
Germany	47.3	53.9	50.1	—3.8
Belgium/Luxembourg	63.0	71.1	69.0	—2.1
Netherlands	61.7	62.3	57.4	—4.9
Denmark	46.4	45.9	49.4	+3.5
Ireland	66.3	69.3	73.4	+4.1
UK	26.1	31.6	38.0	+6.4

Source: EEC Commission.

MEN AND MATTERS

Fuelling the pay arguments

Contrary to popular belief, it is not just the middle classes which will be amending their standing orders for mortgage payments. The miners, for instance, have made the 15 per cent mortgage rate a main plank in their argument that the present 20 per cent offer is just not good enough. "For surface workers with an average mortgage, the new rate will virtually wipe out what's on offer—at a stroke," according to a special issue of Yorkshire Miner.

Arthur Scargill and his team were absent yesterday from their Barnsley office—fancifully referred to as Camelot — but Coal Board officials confirmed to me that miners were indeed becoming property owners according to the Tory blueprint. A survey carried out recently in North Yorkshire established that 40 per cent of the men lived in their own houses; some of them, it was assumed, had already paid off their mortgages. The rest lived either in council houses or in NCB-owned property.

Some of the miner-mortgagees have taken advantage of the NCB's two-year-old policy of selling its housing stock at half the market value to sitting tenants, however, nearly a third of Britain's 230,000 mineworkers are still paying NCB rents—they said at between £7 and £10 a week. "But," as Yorkshire Miner says, shifting to a new seam in the argument," you don't have to be a home-buyer to feel the full brunt of what's round the corner."

"... and everywhere that Maggie went ..."

Chasing hares

Television audiences in the United States are being treated to satellite pictures from Tehran of completely indecipherable documents in Farsi. This is part of the campaign by Alireza Nowbari, new Governor of the Iranian Central Bank, to convince Americans of the Shah's malfeasances.

In Tehran, the allegedly incriminating papers are being displayed to U.S. journalists. This development is angering the White House, which sees it as a crude bid to justify the holding of American hostages.

Also in Tehran to study the allegations against the Shah is a former Democratic senator, James Abourezk. A 48-year-old lawyer of Lebanese descent, Abourezk belongs to a Washington firm which acts for Iran in civil cases. While in the Senate, he stood out as the only member who regularly backed the Arabs.

Saying nothing as Nowbari's charges reach the U.S. media is Chase Manhattan Bank, which handled Iran's oil revenues in the days of the Shah. It was David Rockefeller, president of Chase, who lobbied with Henry Kissinger for the Shah to be allowed to have medical treatment in New York. The bank has also set in train the suits to attach Iranian assets, by declaring in default a $500m loan to Iran by a syndicate of 11 institutions.

The Iranians are touting their conspiracy theory against Chase, and have already achieved a limited revenge. Its local subsidiary, the International Bank of Iran, was expropriated in the summer, endorsing a takeover by a workers committee of 27, including the tea boy.

Terra incognita

Those bewildered by the workings of the International Monetary Fund may be even more puzzled by the latest International Financial Statistics Data Base Dictionary. This awesome tome contains a huge quantity of figures which I cannot pretend to fathom. Least of all do I understand the entry slotted in between United States and Upper Volta: Unknown Country.

Identified as IMF no. 758, the Unknown Country seems to have an uneven economic history. In 1948, according to the IMF, its (nameless) currency stood at .0093 against the dollar, sliding down to .0041 by 1959, but recovering this year to .0047. Indeed on the form of the past few years, the Unknown Country is clearly going places.

Potential citizens and investors may have trouble finding it, however. Despite the wealth of specific detail in the data base dictionary, it seems that the IMF has never heard of the Unknown Country. When I talked to officials in Washington yesterday they could not even point me in the right direction: "You must have a scrambled copy," one told me. "You see, we have a computer and the computer runs the whole printing process; maybe it didn't destroy the page that came out scrambled." For a machine, the IMF's computer at least has a vivid imagination.

Censuring censor

Today — in case anyone did not notice—is UN International Day of Solidarity with the Palestinian People, for which occasion the UN is giving a showing in New York to a film called The Palestinian People Do Have Rights.

Only the more daring of our diplomats will be seen in the stalls: the Foreign Office has forbidden its staff to attend the film. The ban is connected with British disapproval of the group which commissioned it, the UN Committee on the Exercise of the Unalienable Rights of the Palestinian People. UNCEURPP is seen as "unbalanced"; along with some other countries Britain voted against its formation.

The film, an hour long, has no credits. It was shot during the spring and summer of 1978, but was then cut and recut after comments from senior members of the UN Secretariat. Attempts to make it more balanced, as was demanded, were rendered difficult by a host of factors, including Israel's refusal to permit filming on the West Bank and Gaza Strip. Eventually everyone involved became so sick of the politicking, and worried about the end result, that they asked fo rtheir names to be taken off.

Undertaxed

It sounds like a dream come true—for nearly a year now a tax official at Kalskrona in southern Sweden has spent all his office hours embroidering table napkins. Rutger Hultberg, 57, apparently considers the dull office job he has been given unmanageable, and the sewing is his way of saying so. His colleagues are considering more conventional protests. They say Hultberg is creating "a psychologically disagreeable environment."

Observer

ECONOMIC VIEWPOINT

Thinking about the unthinkable

THERE HAS always been a market for prophets of doom. Indeed so buoyant is this market that it has room for self-contradictory prophets. For instance, some of the very same people who announce not a mere recession, but the end of economic growth in our time also pontificate about the threat of the micro-chip, which will, it is said replace the work of millions of people.

The two threats cannot *both* materialise outside war-type emergencies. The micro-chip revolution, as popularly presented, presupposes a revolutionary increase in productivity. Let us suppose that it enables today's output to be produced by half the population. Is it likely that the economy will work so badly that half the working population, i.e. about 12m. people, will be unemployed: or so irrationally that average working hours will be cut by half even when people still want more take-home pay? Some at least of the manpower saving will surely be taken out in more production — i.e. economic growth. To assume this cannot happen is another example of the "lump of labour fallacy" mentioned so frequently in this column.

The one circumstance in which rapidly rising productivity could be combined with zero or negative growth for any length of time would be an international political disaster, such as an eruption in the Middle East. There is, I would guess, a 40 per cent chance of world-wide zero or negative growth in the early 1980s, due to oil supply constraints.

But first, a few words on why economic growth has been so slow in the 1970s; and the forces likely to affect the outlook in the absence of an energy emergency.

A very useful collection of explanations is to be found in *Slow Growth in Britain*, edited by Dr. Wilfred Beckerman (Oxford, £3.50). The editor draws a long overdue distinction between the degree of inequality—which could become higher with faster growth—and the alleviation of poverty (even relative poverty) which would become easier.

The usual rival explanations of *Britain's lagging performance* are given an airing in this book. The growth of the public sector is blamed by Mr. Walter Eltis; and Mr. Wynne Godley gives his clearest outline so far of the import control case. The international implications of import controls are further discussed by Professor Robert Neild in an NIESR conference volume, *Britain's Trade and Exchange Rate Policy*, edited by Mr. Robin Mayor (Heinemann, £5.50). The aim of these Cambridge writers is summarised in the acronym GIST, which means Growth Inducing System of Trade. The ideal is that countries with high import propensities should be allowed to control imports so long as they boost demand and their total import bill is not reduced.

Affordable

Mr. Godley is at pains to distinguish his system from the creeping protection practised by Governments to bolster ailing and uncompetitive industries. By contrast he would determine a total affordable volume of imports and either auction the import licences or impose a *hefty uniform tariff (say 30 per cent or 40 per cent on top of present duties)*. The degree of protection would thus be uniform for British industry and not designed to favour the weakest sectors. as selective controls are. But it would be extremely protective nevertheless; and on the arithmetic of his growth model, the degree of protection would rise over time.

This has its appeal to businessmen who like a quiet life; and if there is to be a Conservative U-turn it is more likely to be on protection than on incomes policy or monetary restraint. Already MPs and commentators are glibly asking, "Why cannot we have *both* monetarism and import controls?"

Mr. Godley is quite right to say that when his Whitehall opponents fall back on the retaliation threat he knows he has won the intellectual argument. His case depends critically on the following two propositions:

(*a*) That lack of demand is the main obstacle to a 10 per cent or 20 per cent rise in output in Britain and perhaps other countries — not merely in recession years. but over whole economic cycles.

(*b*) That this deficiency cannot be remedied by normal monetary, fiscal and exchange rate adjustments.

The crux of the argument is over the first proposition. My own view is that if there had been an across the board increase in orders of 10 or 20 per cent for every company (and nationalised industry) in the country at most periods in 1978-79, the result would have been catastrophic overheating. It is because the usable and available margins of unemployed labour and capacity are far less than the conventional statistics suggest they are, that Proposition (b) appears to be true and that a conventional demand stimulus would lead to runaway inflation and depreciation rather than sustainable expansion. In a 1930s type slump, domestic stimulation with a floating exchange rate would work all right. (Indeed it did under Neville Chamberlain, who, however, spoilt the experiment by also raising tariffs.)

WORLD INDUSTRIAL PRODUCTION

Average annual growth rates

1705-1785	1.5 per cent
1785-1830	2.6 per cent
1830-1840	2.9 per cent
1840-1860	3.5 per cent
1860-1870	2.9 per cent
1870-1900	3.7 per cent
1900-1913	4.2 per cent
1913-1929	2.7 per cent
1929-1938	2.0 per cent
1938-1948	4.1 per cent
1948-1971	5.6 per cent
1963-1969	6.5 per cent
1970-1978	3.25 per cent

Sources: W. W. Rostow, The World Economy, and Economic Outlook, November 1979, London Business School.

The one general explanation of Britain's slow growth in the Beckerman collection which rings at all true is in the chapter by Mr. Stanislaw Gomulka. He finds it in British innovation-resisting characteristics, cultural and institutional. The relation between productivity and low export growth (relative to imports) is association, not causality. Dr. Gomulka expects German, Japanese and French growth rates to decline as these countries approach U.S. productivity levels (the growth of which has itself slowed down to almost nothing). He thinks that differences in growth rates among major industrial countries will disappear in the next couple of decades, but with the UK productivity *level* still much below that of other nations. Lowering high marginal rates of personal taxation, or trying to attract foreign management expertise may help a bit, but the UK's adverse relative position is "essentially unrelated to post-war government policies."

The UK growth lag is a trivial problem compared with the *world slowdown*. Here again the great divide is between those who believe the trouble has been inadequate demand and those who think that it reflects supply constraints. The facts are helpfully set out, with suggested explanations by Prof. Terry Burns and Mr. Geoffrey Dicks in the London Business School November *Economic Outlook*.

The LBS authors show that industrial growth halved between the 1960s and the 1970s, while inflation more than doubled — itself casting *prima facie* doubt on the deficient demand explanation. They point out that the growth rates of the 1950s and 1960s were highly abnormal over a larger historical period during which growth rates similar to the 1970s were much more typical. Thus what we are seeing may be more a return to normality *than a problem to be explained*. Monetary stimulation aiming to restore old growth levels will merely increase inflation.

High and variable inflation rates have themselves contributed to the productivity slowdown. The 1960s may also have been associated with a once-for-*all increase in the capital-to*-output ratio, after which lower returns to investment were bound to set in. But the most clearly identifiable abnormality of the 1950s and 1960s was the sharp drop in real energy prices, which encouraged the development of energy-intensive *industries where the opportunities* of productivity growth were greatest. Since 1973, on the other hand, real energy prices have more than regained their level of the early 1950s and the world has had to adjust to a drastic change in the relative price structure.

The process may have further to go. In his chapter in *Slow Growth in Britain*, Mr. Michael Posner mentions that *energy costs* correspond to about 7 per cent of GDP in the UK. He estimates that a further three or four-fold rise in real primary energy prices by the end of the century would be enough to stimulate supplies of new fuels and encourage energy conservation to wipe out projected energy imbalances. By then energy will correspond to about 20 per cent of GDP — which would knock about ½ per cent a year off the UK growth rate in the two decades to the end of the century.

But suppose that because of a political crisis the market clearing price of oil rose fourfold not by AD 2000, but in 1980. Faced with a cutback in physical supplies amounting to 7 per cent or more of normal use the International Energy Agency would activate already agreed energy saving measures in the industrial countries. So the strains would not be taken by prices alone.

World output would then indeed be supply constrained. But it would not be the normal kind of supply constraint associated with capacity bottlenecks, skilled labour shortages, and rising real commodity prices. On the contrary, with sufficiently big oil cutbacks, genuine unemployment and capacity surpluses would emerge and the real prices of at least the less speculative commodities, which are sensitive to industrial production, could easily drop.

Prof. Paul Samuelson has outlined in the current issue of Newsweek a "worst case" sketch of 1980 in which the dollar nose dived, the U.S. imposes import quotas, the Dow Jones falls by 200 points, the U.S. prime rate goes to 20 per cent, a few "big city banks" are "forced to the brink of liquidity," the American unemployment rate reaches 9 or 10 per cent, the inflation rate nearly 20 per cent and "a confident John Connally, promising vengeance against offending foreign 'miscreants'" attracts middle class voters. Although sterling would benefit relative to the dollar, there would be no chance of the UK contracting out of the world slump.

The "best guess" of Prof. Samuelson is still of a mild U.S. (and world) recession with some deceleration in inflation. But while planning for this more probable outcome he rightly counsels us to have emergency plans for an OPEC-induced slump—and, I would add, all stations in between.

Crisis lesson

A slump, triggered off by oil shortages, could not be cured by stimulating demand, which would only push up nominal oil — and other — prices still further. In the circumstances envisaged, the OPEC surplus might well increase, perhaps to three figures of billions of dollars. The crisis might at long last drive home the absurdity of regarding a current account balance as the criterion of sound financial policy for oil consuming countries; and the UK, whose overall balance of payments would strengthen relative to other countries, should be the last to contemplate import controls. Everywhere there would be a rerun of the argument we already had in 1974-75 about whether to have a "once-for-all" money supply increase to absorb the shock effect of oil price rise, or whether such an increase would merely confirm the worst inflationary expectations. Either way there would be a nasty period for the world.

All countries would of course impose energy rationing in an international emergency. The energy quotas would be a way of protecting the most energy-dependent individuals and organisations. Yet they could only be a rough first shot at priorities based on previous utilisation and political horse sense. They could not reflect the unpredictable and changing relative urgency of individual requirements. It would surely be sensible, having used the quotas to avoid the worst disasters, people's oil coupons to be bought and sold in a recognised secondary market rather than in a black one. The *establishment* of a market-clearing price for marginal oil tire the oil prices plus the price of the coupons would encourage investment in energy saving and energy substitution. The higher price would encourage less oil-intensive patterns of consumption and techniques of production; and world output and employment could gradually climb back to more normal levels. Any compulsory reduction of hours to share out available work should therefore be strictly temporary.

To sum up. The slowdown in world economic growth visible since 1973 is likely to continue because of supply constraints; and 1980 has been labelled a recession year. But a period of more prolonged slump would more likely be due to militant Islam than to the supposed wickedness of monetarism or the failure to introduce import controls in the UK. The worst thing we could do would be to behave as if we are in an emergency which has not yet occurred—and may not do so.

Samuel Brittan

Letters to the Editor

Protection money

From the Secretary, Product Liability Technical Committee European Organisation for Quality Control

Sir,—Two news items on separate days in the Financial Times recently deserve to receive further consideration together. The first, on November 22 dealt with U.S. Congress moves to curb the powers of the Federal Trade Commission. The second, on November 23, was an item on the cost of consumer protection in the UK and quoted the director of the Nat*ional Consumer Council* as having suggested that the "true costs of consumer protection paid by consumers is just over ½p in every £10 spent."

In this connection it ought to be of some interest to note that in the middle of last year a report was published in an American technical journal which said that it was estimated that consumer protection legislation had added $666 to the cost of an average car and driven up the price of an average house by about $2,000! Furthermore, in at least one large British manufacturing company in a consumer sensitive area it is known that the "hidden costs" resulting from satisfying American consumer protection legislation add substantial amounts to overhead costs.

When EEC consumer protection legislation becomes fact in Britain it is expected that there will be further significant increases in overhead costs. Consumer organisations generally seem to think that the only additional cost which a manufacturer will incur because of consumer protection legislation is that of insurance premiums. From insurance data submitted to the European Commission by the European Insurance Committee in Paris it may be expected that the product liability insurance premium costs could amount to that ½p per £10 spent by the consumer.

It should also be pointed out that in some industrial quarters the best estimates, at present, of the overhead "hidden additional" costs could amount to between 10 per cent and 15 per cent of manufacturing costs.

R. M. McRobb.
*Glebe Cottage,
Honeydon Road,
Colmworth, Bedford.*

Trade in textiles

*From the Chairman,
The Textile Industry Support Campaign*

Sir,—If Mr. Alec Smith's logic on outward processing of textiles and clothing goods (November 7) did not register with Mr. Brown, director of the British Importers Confederation (November 21) then there is no *point in pursuing that* particular argument. I think, however, that the director is adrift when he says we would not like it if other countries were to practice what we preach.

Your columns are just not long enough to list all the examples of high tariff barriers and quantitative controls used by other countries to protect their industries. Three examples may suffice :—

—Korea imposes a 60 per cent duty on woven cotton cloth and completely prohibits imports of consumer goods such as shirts.

—Brazil imposes duties of 205 per cent on both woven cotton cloth and shirts.

—Egypt has a tariff of 64-80 per cent on cotton yarns, 120-145 per cent on woven cotton cloth and 96-190 per cent on shirts.

Britain is certainly a great trading nation and textiles is *the country's sixth largest* exporter which shows that we are highly competitive when compared with equals. If we adopted only a fraction of the protectionist measures applied by others. Mr. Brown would indeed have cause to squeal.

John G. Bridge,
Oldham and District Textile Employers' Association.
*Thorncliffe,
115, Windsor Road, Oldham.*

Exchange control

From Professor G. Maynard and Mr. J. Robinson

Sir.—Despite the Chancellor's denials, there still seems to be a general feeling that exchange control was abolished in order to pull down sterling's exchange rate from the high level to which it had been pushed by the coming on stream of our North Sea oil resources. In fact, there is no need to doubt the Chancellor's word since if this had been the aim of the removal of exchange control it would almost certainly have gone against the grain of the Government's overall economic strategy.

Removal of exchange control will not necessarily lead to a fall in the exchange rate. It can only be relied upon to do so if the Government relaxes its monetary policy so as to permit the Bank of England to absorb net sales of UK financial assets by investors as they shift their attention abroad: in the absence of such relaxation, the attempt to diversify into foreign assets is more likely to have a greater impact on UK interest rates than on the exchange rate. Moreover. relaxation of monetary policy, which did permit or encourage a fall in the exchange rate. would lead to only an ephemeral improvement in the UK's foreign trade competitiveness since, unless there were considerable money wage restraint, it would lead to a rise in the inflation rate.

This is not to deny the *argument of some distinguished* commentators that, by inducing a net export of capital, removal of exchange control must lead to a current account surplus simply by the arithmetic of the balance of payments: but if such a development took place, it would be more the con*sequence of the deflationary* impact of the rise in interest rates on domestic demand and imports than of a fall in the exchange rate.

The overriding fact is that unless North Sea oil real income can be absorbed by a rise in domestic absorption, the real exchange rate must be higher with oil than without. The Government is clearly inhibited from increasing domestic absorption by the fear of increasing inflation at home and also by fear that given the low return on investment in British industry, such absorption would have to take the form of increased consumption rather than increased investment.

Thus, removal of exchange control against a background of tight monetary policy is better seen as an integral part of the Government's long term strategy, namely, to maintain a *strong* exchange rate and a relatively high interest rate on financial assets in order to apply pressure on UK industry to raise productivity of both capital and labour. As with other elements of that strategy, the short term costs are likely to be high.

(Professor) G. W. Maynard and J. N. Robinson.
*Department of Economics,
University of Reading,
Whiteknights,
Reading*

Objectives in education

From the Chief Education Officer City of Sheffield.

Sir,—We should be grateful for Michael Dixon's article (November 20) about curricular confusion. Particularly his graphics pointed out with great clarity the accountability gap between schools and local education authorities. In fact there are more accountability connections there than might be supposed, whatever a reading of the Department of Education and Science curriculum review may suggest. They exist along a formality-informality spectrum of relationships between heads and chief education officers, between subject specialists in schools and specialist advisers and inspectors in education departments. between *chairmen of governors* and chairmen of education committees, and so on. But it is absolutely true that the precise constitutional definition of accountability between school and Local Education Authority is missing.

How surprising then that Michael Dixon did not complete his picture by referring to the report of the Taylor committee of inquiry appointed not so long ago by the Government. May I advise a rereading of Taylor. Those who are short of time can concentrate on the thumbnail summary. The report recommends precisely how the accountability gap may be closed. Taylor proposed a network of school governing bodies (representative of teachers, parents and community including the working community), with general responsibility for oversight of the curriculum (as now) but responsible also for *promoting open discussion of it* and for reporting on it formally to the LEA—which would then be in a permanent position to explain itself and its collective curricular condition both to its constituency and to the Secretary of State. Alas. teachers' unions too anxious about their "*professional*" territories, local government too arthritic to face the development of a really public democracy and central government too fearful of both, combined to shelve Taylor.

Parturiunt montes, and now a mouse section appears with some crumbs from the Taylor shelf (individual governing bodies for schools, a place on them by right for parents) in the school government section of the new Education Bill now going forward to committee. But development of functions and so of accountability goes by default. Governments prefer the illusion of action represented by the curriculum review, while generating a climate of centralist solution. This has the smell of authoritarianism about it and may well favour the wrong answers as Harry Rée writing to you on November 20 and Oliver Stutchbury (November 19) rightly observe.

Why can't we be true to our instincts in this country and go hard for a really public education system in which the tax and rate-paying community has a full say? And why, moreover, won't we go for a system which Karl Popper would approve of —in which devolved school *bases promote curriculum initiative* for public validation, and if necessary refutation, against a background of growing public knowledge about the aims, objectives and achievements of education. This open approach could give us all the prizes—real local democracy, a well-informed public, a systematic approach to curriculum development, and a Secretary of State made as capable of doing his supervisory duty at the top of the tree as the 1944 Education Act tells him to be.

Michael Harrison.
Education Department,
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Sheffield.*

Teaching the basic skills

From Mr. W. Wildbore.

Sir, — I was most interested to read Mr. O. Stutchbury's letter (November 19) "Teaching the Basic Skills"; perhaps he might be interested in mine.

I have been involved in education for the past few years as (parent) chairman of a school *governors' working party* and more recently as a school governor. During this period I have asked the following question: "What is the objective of education at this particular school?" The replies were: "You can go into any school and not get an answer to that *question" (political leader for* education), and "We do not know, we could not all agree" (teaching staff).

My experience, so far, suggests that if there is currently no agreement and society is not happy with the result and the consequences that stem from it, then perhaps we could not do worse by getting and instituting an agreement.

Mr. Stutchbury goes on to say that there seems to have been remarkable agreement in the 19th century and were our fore*bears right? Well, I do not* think they were entirely right, but it was a step in the right direction by a small group with a strong vested interest. What is being suggested is that there should be a national framework by government with a strong nationally vested interest.

Will 20th-century education be relevant to the 21st century? I do not know for certain because I do not know the requirements of the 21st century (does Mr. Sutchbury?) but I will be satisfied if we can get it about right for the next five to ten years and make the adjustments as the future needs of society become clearer.

Are teachers wrong to resent interfering laymen? Well, probably not, most professionals resent lay interference, the only thing they resent more is proof that they, the experts, have got *it wrong (again). But providing* that teachers can accept that education is a service to society and not purely for the benefit of the teaching profession, no harm is done.

Thank God we are all different and don't agree, but if we are to get anything done we must get a consensus that leads to a clearly stated policy. It will not cost much to monitor, just give the school governors the policy and train them to understand what it means and then, perhaps, they can really govern instead of being uninformed rubber stamps for the professionals.

W. Wildbore.
*15, New Zealand Lane.
Queniborough, Leicester.*

The value of ECGD to trade

*From the Chairman,
Arbuthnot Export Services*

Sir.—On November 22 you described cut backs in the level of staffing and services provided by Export Credits Guarantee Department and also referred to problems for exporters *arising as a result of industrial* action within the department. All financial institutions are periodically open to criticism and capable of improvement. Undoubtedly this year industrial action within the department has been a problem for exporters and contracts have *been lost to the UK as a result.* Knowledgeable exporters, however are aware that over the years the service and range of facilities provided by the department have been the envy of their counterparts in other countries.

If the staff of a credit insurer is overworked, mistakes are likely to be made which in time may result in adverse claims experience. In particularly difficult trading conditions, such as prevail now, attention to detail is of paramount importance. Consequently the department may be one of the few government departments where staff cut backs may be against the national interest.

In the afternoon of November 22, the Treasury announced its forecast for next year of a deepening recession for the UK economy with a deficit in the balance of payments of some £2bn. As ours is a trading nation our balance of payments is directly related to our export performance and we need to improve this to reduce the deficit. Surely therefore, this *is an inappropriate moment* to make cuts at ECGD.

Undoubtedly it is praiseworthy for any Government to reduce its spending and the burden on the taxpayer therefore. Lost export orders, however will eventually mean lost jobs and diminished corporate income. Increased unemployment is likely to necessitate higher social security payments in total far greater than the savings likely to be effected within the department. Reduced corporate cashflow will mean a lower level of research and *development when a high level* is needed to improve our technology to maintain our international competitiveness. Thus in the longer term the UK economy and the taxpayer will not benefit from minimal instant savings resulting from a short-sighted policy. Hopefully it is not too late for the authorities concerned to recognise this and review their policy before any cuts are made.

A. G. B. Young.
37 Queen Street, EC4.

Today's Events

GENERAL

UK: Mr. James Prior Employment Secretary, discusses industrial relations and union recruitment techniques with TUC delegation.

Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Institute of Public Relations dinner, Goldsmiths' Hall, London.

Mr. Clive Jenkins, ASTMS general secretary, speaks at trades union conference on quangos.

Prince Charles opens Greater Manchester Fire Service new headquarters; visits Ferranti micro electronics centre, Oldham.

Overseas: Mrs. Margaret Thatcher joins European leaders for EEC two-day summit meeting, Dublin Castle.

The Pope in Istanbul, meets Ecumenical Patriarch Demitrios I.

PARLIAMENTARY BUSINESS

House of Commons: Debate on White Paper on the Government of Northern Ireland.

House of Lords: Third reading of Child Care Bill, Foster Children Bill, Residential Homes Bill (all consolidation measures). Isle of Man Bill, second reading. Furskins Bill, second reading. Betting, Gaming and Lotteries (Amendment) Bill, second reading. Debate on the Tornado programme.

OFFICIAL STATISTICS

Department of Energy publishes details of energy trends.

COMPANY MEETINGS

Sidney C. Banks, Garden House Hotel, Cambridge, 12. Courtney Pope, Amhurst Park Works, Seven Sisters Road, South Tottenham, N, 11. Ductile Steels, Planetary Road, Willenhall, 12. Hunt and Moscrop, Middleton Masonic Club, Manchester Old Road, Manchester, 12. Stewart and Wight, Caxton Hall, Westminster, W, 12. United Real Property Trust, Europa Hotel, Grosvenor Square, W, 12.

BPB up midway but warns on second half

Sales up from £146.56m to £167.22m and higher pre-tax profits of £21.23m against £17.73m are reported by BPB Industries for the first six months to September 30, 1979 but the directors say prospects for the second half must be seen in the light of the current dull industrial outlook.

Basic earnings per share are stated as 15.89p against 14.2p and the interim dividend is effectively raised from 2.1p to 4p—last year's total was equal to 6.6p from pre-tax profits of £35.4m.

The major part of the first half's overall improvement came from abroad and mainly from France where the more satisfactory level of profitability achieved in the second half of last year has continued.

Profits from Canada have been well maintained but low market prices for carton board coupled with increasing costs have again been the causes of unsatisfactory results from the paper company in the Netherlands, the directors say.

Group turnover and profits in the UK have been affected by heavy increases in costs, particularly of energy, and the need to recover these increases in selling prices.

The directors are confident that the spread of the group's business coupled with the continued penetration of plasterboard into existing markets and the improved efficiencies from the heavy investment programme, will go a long way towards mitigating the effects of any possible recession during the rest of the year.

	Half year 1979 £000	1978 £000
Sales:		
Building Materials:		
UK	82,889	72,594
Canada	17,235	17,023
France†	25,932	27,386
Rep. of Ireland	6,664	6,349
Paper & Packaging:		
UK	37,534	34,158
Netherlands‡	6,362	5,993
Less intra-group	19,392	17,157
Total sales	167,224	146,556
Profit*		
Building Materials:		
UK	11,063	10,005
Canada	1,638	1,512
France‡	2,811	1,054
Rep. of Ireland	701	882
Paper & Packaging:		
UK	4,593	4,224
Netherlands (loss)	123	126
Interest	972	1,534
Associates profits‡	1,320	1,706
Profit before tax	21,225	17,731
UK tax	3,956	3,789
Overseas	2,332	1,406
Minorities	13	2
Attributable BPB	14,864	12,534
Ordinary dividends	3,708	1,873

* After depreciation of £6.34m (£5.82m). † Results for Dutch and French subsidiaries and for associates relate to six months to June 30, 1979. ‡ Overseas.

See Lex

HIGHLIGHTS

After briefly commenting on the small response to yesterday's tap issue, Lex assesses four of the day's company stories. The Comet Radiovision figure shows the impact of favourable conditions in retailing, though there is more caution about 1980. BPB Industries has benefited from buoyant market conditions and profits are up from £17.7m to £21.2m at the half-way stage. The Dawnay Day takeover situation took a new twist yesterday with the emergence of Britannia Arrow as a possible counter bidder following Tuesday's offer from Hume Holdings. Finally at Johnson Matthey the strength of its banking and trading divisions compensates for weakness in "products" where the engineering strike and price increases from customers has hit profits. On the inside pages there are comments on B. Elliott, Avon Rubber, Matthew Brown and Renwick.

Westbrick improves by 15% at halfway

DESPITE DIFFICULT trading conditions, satisfactory progress has been made by Westbrick Products in the six months to September 30, 1979, with pre-tax profits up 15 per cent from £344,000 to £395,000 on sales of £7.6m against £6.44m.

Stated earnings per share are up from 4.5p to 5.7p and the interim dividend is lifted from 1.25p to 1.5p—the previous total was 3p from pre-tax profits of £597,000.

Mr. J. S. Sutherland, chairman, says it is unwise to predict the year's outcome but the immediate trading outlook is in line with budget.

The group structure has been streamlined by the sale on October 1, 1979, of Tuberoning (Cheltenham), a small subsidiary providing specialised engineering services which were outside the mainstream of the group's activities.

On September 1, 1979, the group acquired Brensal GRP Products to strengthen its interests in reinforced plastics.

The inflow of cash has been maintained and it is planned to make further repayments of group loans before the end of the financial year, the chairman adds.

	Six months 1979 £000	1978 £000
Sales	7,603	6,436
Profit before tax	395	344
Tax	151	161
Net profit	244	183
Dividends	64	51
Retained	180	132

First half shows upturn for Buckley's Brewery

RECOVERY from last year's 5.5 per cent slip in total profits to £511,239, Buckley's Brewery reports an increase in taxable surplus from £466,110 to £497,935 for the six months to September 29, 1979.

In his year-end statement, Lt. Col. W. H. Buckley, the chairman, blamed atrocious weather for a 4 per cent reduction in sales, and added that the cost of repairs to licensed premises had risen by over 30 per cent. An exceptional loss of returnable containers also had a noticeable effect on profits.

The surplus this time results from higher trading profits of £477,398 (442,978) but slightly lower income from other sources of £20,537 (£23,132).

Turnover went ahead from £3.77m to £4.06m and after six months' tax of £199,173 (£186,444), net profit emerges as £298,762 against £279,666.

The interim dividend is lifted from 0.6p to 0.7p—last year's total was 1.975p.

Comet rises to £9.2m and boosts dividend

WITH second-half profits £1.6m higher at £5.66m, the taxable surplus of Comet Radiovision Services expanded to £9.2m in the year to September 1, 1979. This compares with £6.28m for the previous 53 weeks.

Sales of this electrical goods and gas appliances discount retailer advanced from £123.94m to £165.32m.

The net total dividend is effectively stepped up from 2.70968p to 5.25p, with a final of 3.35p. A one-for-two scrip issue is also proposed.

Mr. M. J. Hollingbery, chairman, says the directors are reasonably confident of satisfactory demand in the pre-Christmas season, although the outlook for 1980 is less certain.

New products being introduced should help to compensate for any downturn which may occur. The companies acquired in the Caledonian take-over will also contribute satisfactorily to group profit, he adds.

The company is entering the 1980s with very encouraging growth prospects, he says.

Tax for the year takes £403,000 (£150,000), which represents mainly ACT on the dividends for the period. The adoption of SSAP 15 has resulted in the whole of the balance on deferred tax account at the 1978 year-end—amounting to £6.9m—being transferred to reserves.

Earnings per 5p share are shown to have risen from 24.7p to 34.3p.

There is an extraordinary debit of £6.3m this time, representing the write-off of goodwill arising on the acquisition of subsidiaries during the year, less a transfer of £123,000 from share premium account.

The chairman says the balance sheet reflects the changed structure of the group. Liquidity is satisfactory despite he £13m cash paid for Caledonian.

A the year-end, bank balance and deposits totalled £11.89m, against £10.48m. Bank overdrafts amounted to £653,000 (nil), and acceptance and short-term loans £566,000 (nil). There were medium-term loans of £6.02m this time.

See Lex

Exports aid Hicking Pentecost

PRE-TAX profits of Hicking Pentecost, the Nottingham-based textile manufacturer, have increased from £380,427 to £455,880 for the half-year to September 30, 1979. Turnover for the period advanced from £5.12m to £5.83m.

An increase of 18 per cent in export sales has enabled the knitwear division to offset a decline in demand on the home market and show a small increase in profits.

The company expects to expand its export sales further, but it is not finding it possible to fill its production capacity due to the depressed home market.

It is anticipated that during the second half sales at home will again be affected by the present poor trading conditions. However, with the substantial capital investment and the reorganisation carried out, together with the increased export market, chairman states company is well-placed to meet competition and take full advantage of an eventual up-turn in trade.

In the last financial year the company reported improved results in all divisions with profit coming out higher at £894,000 (£600,000) from turnover of £10.7m (£9.4m).

The interim dividend is raised from 2.8p to 3.2p—last year's final was 5.8p. Stated earnings per 50p share are 15.91p (12.99p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Avon Rubber		6.36	Jan. 21	6.36	10.36	10.36
BPB	int.	4	Jan. 25	2.1*	—	6.6*
Brasway	int.	2	Jan. 10	1	—	3
Brickhouse Dudley	int.	0.95	Jan. 8	0.87	—	2.77
Matthew Brown		3.53	—	3.28	5.08	4.33
Buckley's Brewery	int.	0.7	Jan. 4	0.6	—	1.98
Castlefield (Klang)		3.6	Jan. 11	2.25	5	3.35
Comet Radiovision		3.35	Feb. 8	1.73*	5.25	2.71*
B. Elliott	int.	4†	Feb. 4	2.75	—	10
Geers Gross	int.	1.5	Jan. 17	1.5	—	3
Gen. Stockholders Inv.		1.94	Jan. 24	2.3	3.9	2.8
Grampian Tele.	2nd int.	0.63	—	0.63*	—	1.63*
Hicking Pentecost	int.	3.2	April 2	2.8	—	8.6
Johnson Matthey	int.	3	Feb. 8	2.6*	—	8.5*
Killinghall (Rubber)		10§	Jan. 21	6	14	12
Monks Inv. Trust	int.	1	Feb. 1	0.6	—	1.85
Renwick Grp.	int.	1.5	Feb. 4	1	—	3
Westbrick	int.	1.5	Jan. 31	1.25	—	3
"W" Ribbons		1	Jan. 31	2.85	1	3.35

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus 0.8p special dividend. § At least 1.25p final forecast.

Johnson Matthey up £2.3m so far

PROFITS BEFORE tax of Johnson, Matthey and Co., the precious metal refining group rose from £9.18m to £11.46m in the half year ended September 30, 1979, and the directors are effectively lifting the interim dividend from 2.6p to 3p per £1 share.

For the previous year, the group paid a total dividend equal to 8.5p on pre-tax profits of £21.58m.

First half sales, excluding Johnson Matthey Bankers, increased from £232.04m to £326.27m. Profit is after debenture and other interest of £2.97m against £1.72m and depreciation of £2.41m (£2.02m).

Tax takes £3.79m (£4.73m) giving earnings per share of 28.8p against 20.7p. There is also an exceptional credit of £15.99m which has been transferred to reserves.

Exchange losses total £221,000 (£696,000) and after minorities, £38,000 (£54,000) and dividends, £1.6m (£1.13m) an amount of £5.82m against £2.57m is retained. As a result of the Finance Act 1979, deferred tax has been reduced by £25.2m—this has been used to reduce tax attributable to base stocks by £9.19m and to increase reserves by £15.99m.

Precious metal stocks are valued at base prices plus attributable tax. If market prices had been used, the amount on the balance sheet would have been higher by £90.33m (£33.2m).

See Lex

Brasway doubles interim

Profits of Brasway, iron and steel scrap processor and tube manufacturer, were down from £215,518 to £203,530 for the half year ended October 31, 1979, but there was no tax charge, compared with £64,655.

The directors, who are cautiously optimistic for the second six months, have doubled the net interim dividend to 2p per 10p share—last year's total payment was 3p.

'W' Ribbons shows improvement but cuts dividend to 1p

BECAUSE OF continuing difficulties in Germany and the uncertain economic situation generally, the directors of "W" Ribbons Holdings, nylon and polyester webbing manufacturer, have cut the final dividend from 2.05p to 1p. There was no interim payment, against 1.3p previously.

After the first half disappointing results when the pre-tax profit plummeted from £362,012 to £5,316, the company reports a modest improvement in the second half. However, preliminary figures for the year to June 30, 1979, show pre-tax profit lower at £162,767, against £293,096, from increased turnover of £18m (£14.8m). Interest paid rose sharply from £292,776 to £443,017.

Mr. Jim Wildi, the chairman, says UK companies traded satisfactorily and Europtiss, a wholly-owned French subsidiary since October, 1978, has made a sizeable contribution to profits.

Hansaliv, the German subsidiary, made a recovery after its loss-making first half, but the improvement has not been sufficient to prevent a trading loss for the year as a whole.

Referring to Hansaliv's losses, Mr. Wildi says there has been reduced demand for seat belts by the German car industry. The directors have worked towards a solution of the German situation which has been a severe drain on the company's resources in recent years.

Mr. Wildi says this inevitably will involve the bearing of certain extraordinary costs. A statement will be made as soon as possible.

The UK companies are currently very active with excellent order books and, in spite of the general economic climate, trade is remarkably buoyant, he adds.

The net total dividend is raised from 12p to 14p, with a final of 10.5p. Earnings per 10p share are given as 12.31p (16.41p) before the extraordinary credit, and 32.31p after the same.

Turnover increased from £135,674 to £140,188. Tax in Malaysia and the UK took £83,278 (£183,467).

Harrisons and Crosfield has a large holding in the company.

Killinghall Rubber

PRE-TAX PROFITS of Killinghall (Rubber) Development Syndicate fell sharply from £312,717 to £180,221 in the year to June 30, 1979, reflecting the lack of tin tribute this time.

However, the net profit came through ahead from £129,250 to £254,408, after the inclusion of a £157,465 extraordinary credit representing the net sale proceeds of the mining lease.

Monks Inv. Trust little changed

Taxable revenue of Monks Investment Trust rose marginally from £1.38m to £1.39m in the half year to October 31, 1979.

Announcing a net interim dividend of 1p (0.6p), the directors say they expect the final at least to match last year's 1.25p payment.

After lower tax of £483,619 (£619,693), stated earnings per share are up from 0.97p to 1.16p. Earnings for the year are expected by the directors to rise to 2.4p (1.9p), including 0.15p in respect of dividends declared but withheld while controls were in force, almost all of which have been received in the first half.

The net asset value of each 25p share has risen from 64p to 66.7p.

Muirhead figures delayed

A fire on October 10 which produced a total loss at an important precision rotating components sub-contractor in Madeira, Portugal, has delayed the publication of annual results from Muirhead by almost two months.

The electrical and electronic group had intended to make a preliminary announcement of profits for the year to end-September today but because key personnel have been diverted from the preparation of stock and work-in-progress valuations to the task of recovering production in Portugal, the results will not be ready until January 24, 1980.

Muirhead said yesterday that the factory, which employs 50-60 people working solely for the UK group, had been out of commission for five weeks but alternative premises had been found, the 2m items of stock lost in the blaze have been replaced and the lost production is expected to be made up by the end of the current financial year. A short circuit, the group stated, caused the fire.

Muirhead shares added 5p to 270p yesterday.

and the directors say they are confident that the company will make a trading profit in the second half.

The mid-term profit equals that for the last full year, when a turnround from a loss of £144,000 was reported.

First half turnover moved ahead from £185,000 to £201,000. There was a deferred tax provision this time of £11,000, and an extraordinary credit of £26,000 compared with a £41,000 debit.

At the end of last year the directors said it was their intention to resume dividend payments as soon as possible.

Benlox pick-up continues in first half

The recovery of Benlox Holdings, builder and contractor, continued in the first six months to August 31, 1979. Pre-tax profits advanced from £2,000 to £12,000

SPAIN

November 28	Price %	+ or −
Asland	102	
Banco Bilbao	200	
Banco Central	206	+2
Banco Exterior	204	
Banco Hispano	200	
Banco Ind. Cat.	136	
Banco Madrid	185	−2
Banco Santander	207	+4
Banco Urquijo	204	
Banco Vizcaya	202	
Banco Zaragoza	195	
Dragados	100	
Espanola Zinc	60	
Fecsa	59.5	
Gal. Preciados	37	
Hidrola	65	−0.2
Iberduero	60.5	−0.7
Petroleos	114.5	−0.5
Petroliber	75	−1
Sogefisa	118	−4
Telefonica	59.5	
Union Elect.	64.2	+0.7

BRAZIL

November 27	Price Cruz	+ or −
Acesita	1.22	−0.02
Banco Brasil	2.21	−0.04
Banco Itau	1.43	
Belgo. Min.	2.00	+0.10
Lojas Amer.	2.10	−0.12
Petrobras PP	1.50	−0.07
Pirelli	1.35	−0.03
Souza Cruz	2.97	−0.03
Unip PE	5.00	−0.10
Vale Rio Doce	2.50	−0.20

Turnover: Cr. 185.3m. Volume: 109.5m.
Source: Rio de Janeiro SE.

M. J. H. Nightingale & Co. Limited

62-63 Threadneedle Street London EC2R 8HP Tel: 01-638 8651

1978-79 High	Low	Company	Last price	Change	Gross Div (p)	Yield %	P/E
98	39	Airsprung Group	76	−1	6.7	8.8	4.5†
50	36	Armitage and Rhodes	42	—	3.8	9.0	2.7†
222	143	Bardon Hill	220	—	13.8	6.3	6.5†
101	50	Deborah Ord	93	—	5.0	5.4	10.2
93	93	Deborah New Ord fully paid Rights	93	—	—	—	—
353	140	Deborah 17½% CULS	353	—	17.5	5.0	—
147	100	Frederick Parker	105	—	12.8	12.2	8.1†
158	110	George Blair	110	—	16.5	15.0	—†
61	45	Jackson Group	61	—	5.2	8.5	3.6†
153	97	James Burrough	112	—	7.2	6.4	9.8
342	250	Robert Jenkins	250	—	31.3	12.6	4.9†
232	150	Torday Limited	226	—	14.3	6.3	5.9†
34	14	Twinlock Ord	19	−½	0.8	4.3	3.8
82	69	Twinlock 12% ULS	75	—	12.0	16.0	—
56	23	Unilock Holdings	53	—	2.6	4.9	11.3
84	42	Walter Alexander	80	—	4.4	5.5	5.3
190	138	W. S. Yeates	183	—	11.5	6.3	7.1
189	186	W. S. Yeates New	186	—	—	—	—

† Accounts prepared under provisions of SSAP 15.

Renwick moves up £0.3m in first six months

INCLUDING AN increased *contribution of £132,000*, against £2,000, from Western Fuel Co., taxable profits of the Renwick Group moved ahead from £967,000 to £1.26m for the half-year to September 29, 1979.

Turnover of the motor and fuel distribution and travel agency group rose by £6.25m to £35.34m. This result excludes Western Fuel, which was formed from a partnership between Renwick and Bristol Fuel Co.

The directors point out that *the group's trading projections* and investment plans may require revision should the unprecedented rates of interest imposed by the Government persist for long.

The group, however, is in a position to react quickly to trends which may emerge, they add.

The directors say that the freight division has continued to cause concern and despite major *improvements in organisation and operations*, it was hit by the engineers strike and other *disputes affecting many of its major* customers.

As this division cannot avoid the effects of a downturn in its customers' business, strenuous efforts are being continued to withdraw from general haulage and to replace it with contract operations and other types of business less vulnerable to cyclical trade fluctuations.

Profits were struck after depreciation of £354,000 *(£307,000)*. Interest charges rose £7,000 to £221,000 with comparative restated to reflect travel funds no longer included in trading profits.

The interim dividend is stepped up from 1p to 1.5p net *per 25p share—the previous total* was 3p on record £1.5m pre-tax profits.

Tax for the period took £311,000 (£242,000) and after an extraordinary credit of £95,000 this time, the attributable surplus advanced from £691,000 to £1m.

● comment

News of a 30 per cent pre-tax profits rise at Renwick pushed the share price up 5p to 63p yesterday The company has done well despite a loss in its freight division which can be traced to the engineering strike. Volume increases and continuing demand helped the group's boatbuilding, fuel and travel interests, which are performing well so far. But the loss in the freight division (now at £150,000) is unlikely to be made good this year—this part of the group *remains* vulnerable to setbacks suffered by its customers. However, the company as a whole should achieve a pre-tax income of £2.2m this year, which suggests a fully taxed p/e of 4.2. Future growth for Renwick might come from its boatbuilding interests, now the recipient of much of the group's £1m capital expenditure programme in the current year (against a depreciation of around £700,000). The interim dividend is up a healthy 50 per cent and if the total net dividend rises to 4p this year, a yield of 9.3 per cent is likely.

S & U first half profit up

PROFITS BEFORE tax up from *£204,147 to £317,255* for the six months ended July 31, 1979, are announced by S and U Stores, now primarily engaged in consumer credit.

The preference dividend is being paid normally but there is *no restoration of dividend* on the preferred ordinary or ordinary shares—the last payment was 0.56875p in 1975-76.

Mr. Derek Coombs, chairman, says that while a payment will be considered again at the year end, it remains the directors' policy to give total priority to reducing borrowings and this programme will continue.

In the current economic conditions, the group is experiencing a lower rate of expansion and this together with the increased cost of borrowing may lead to a slowing down of profit growth in the second half, the chairman adds.

In addition to the pre-tax profit for the first half, there is an exceptional profit—as indicated in the annual report—of £226,026 resulting from collections on outstanding credit debt balances. This is a declining figure and *will not be repeated for the* second half, at the same rate, the chairman states.

Reversal at Shaw and Marvin

A PRE-TAX *loss of £45,312* for the first six months to September 30, 1979, is reported by Shaw and Marvin, the Nottingham merceriser, dyer and knitwear manufacturer. In his annual statement in July, Mr. C. A. Gooch, the chairman, forecast halfway profits of at least £30,000 against £4,960 for the same period last year.

Turnover for the period increased from £883,589 to *£934,834. Again no interim dividend* is payable—last year's final was 0.35p.

Mr. Gooch says that a severe downturn in demand, together with a rigorous appraisal of bad debts, themselves aggravated by the cost of money, has resulted in the company's loss.

He says steps have been taken to remedy the situation and all group companies have traded profitably since September. No benefit from financing the recently acquired children's wear companies has been taken into account at the interim stage.

These acquisitions are proving very successful with full order books and production ahead of budget, he adds.

Halftime expansion at Geers Gross

WITH PRE-TAX profits up from £132,811 to £221,562, on turnover of £15.18m, against £12.55m, for the first six months of 1979, the directors of Geers Gross, the advertising concern, say the full year's results are expected to show a healthy increase over 1978.

Last year, taxable profits reached £411,000 (£281,000) from turnover almost £20m higher at £28.3m.

Throughout this year and despite some inevitable loss of turnover and profit due to the ITV strike, the company's overall position has continued to improve, the directors state.

In London, there have been major new business gains, while internationally there has also been progress.

The U.S. subsidiary, Manoff Geers Gross had a very satisfactory first half and following the relaxation of exchange controls the company has eliminated the back-to-back dollar loan used to finance the purchase.

This will have considerable financial benefits for the company in the future, the directors add.

Tax for the half year takes £118,451 (£73,319) and earnings per 10p share were ahead from 1.1p to 1.9p. The interim dividend is kept at 1.5p net—last year's total was 3p.

Mr. Michael Pizzey has been appointed to the board.

Strike hits Grampian Television

HALF-YEAR profits of Grampian Television plunged from £226,112 to £31,101 in the wake of the independent television strike, despite an improvement in turnover to £2.19m against £2.05m.

Second-half results will continue to be affected by the stoppage, say the directors, for although revenue in November and December is buoyant, it will not be possible for the group to match last year's pre-tax profits total of £406,000.

The surplus for the six months to August 31, 1979, is subject to tax of £14,000 (£104,500), but this time there is no Exchequer levy (£34,000).

The directors are now announcing a second interim dividend of 0.53p in addition to the equivalent 0.28p already notified. Last year's adjusted total was 1.6266p.

M. Brown rises to over £4m

ON TURNOVER nearly £3m higher at £22.9m, taxable profits of Matthew Brown and Co., brewer, rose from £3.54m to a record £4.13m for the year ended September 29, 1979, with £1.53m against £1.33m coming in the first half.

Tax for the year takes £1.44m (£1.58m) and after minorities, the available surplus moved ahead from £1.95m to £2.68m.

Reported earnings per 25p share were up from 11.55p to 15.82p, and from 10.14p to 11.84p on a fully taxed basis. The total net dividend is lifted to 5.0764p, against 4.3773p, costing £0.86m (£0.74m), with a final of 3.8264p.

● comment

Against a background of sluggish volume trends in the industry Matthew Brown has done well to push trading profits up by slightly over 16 per cent. The rise is evenly spread over the two half-years and in each period the group had to contend with adverse weather conditions in the North-East. There has nonetheless been some growth in the free trade (now 31 per cent of total business) and "pub" sales are holding their own. For the immediate future, price rises in the new year should help to offset wage rises awarded in July and, looking to the longer term, growth prospects seem reasonable. Lager sales are moving steadily ahead—they now account for about 19 per cent of turnover compared with an industry average of 24 per cent. Capital spending is being kept at a high level (and will convert net cash into net borrowings this year), and there should be some benefit from a new hotel in the second half. The shares, at 130p yesterday, trade on a demanding stated p/e of 8, but this is supported by a very strong asset backing. The yield is 5.7 per cent.

ICI BOND CONVERSIONS

Holders of a further 280 Imperial Chemical Industries $1,000 bonds due 1987 have exercised their right of conversion into ordinary stock.

The number of bonds now outstanding is 58,087.

Options class withdrawal

The Stock Exchange Council is withdrawing the BOC International class of traded options and replacing it with another class because of a lack of open positions. The withdrawal will take effect today and will be completed either on May 28 next year or as soon as all positions have been closed.

This is the first class of traded options to be withdrawn from the London market and a successor should be announced within the next few week. The chairman of the Options Committee of the Stock Exchange, Mr. Peter Stevens, said it is normal on options exchanges to withdraw a class when certain volume criteria are no longer being met.

B. Elliott up £0.9m midway

FOLLOWING A £3.85m rise to a record £9.45m for the previous year, taxable profits of B. Elliott and Co., machine tool maker and general engineer, increased from £3.74m to £4.6m for the half year ended September 30, 1979.

The directors say that, although it is impossible to quantify the cost and loss of profit from the engineering strike, part of it will not be reflected until the second half. However, providing UK production is not disrupted this winter, they expect to see a good result for the full year.

First-half external turnover moved ahead by over £5m from £43.57m to £48.85m. From stated earnings of 18.13p (16.96p) per 25p share on increased capital from the rights issue, the net interim dividend is raised to 5p (2.75p)—last year's final was 7.25p.

The directors say that the indirect effects of the engineering strike are even less finite, as the damage to the profitability and cash flow of UK engineering companies may cause some of them to reconsider future capital investment programmes, thus reducing the home demand for machine tools.

	Six months 1979 £000	1978 £000
External turnover	48,850	43,567
Trading surplus	5,403	4,506
Depreciation	727	569
Interest	76	197
Profit before tax	4,600	3,740
Tax	1,540	1,118
Profit after tax	3,060	2,622
Minority interests	210	102
Attributable	2,850	2,520
Int. dividend	858	399

However, the second half has started well with the outstanding order book up to £44m, and there has been no indication of a downturn in order intake, at home or overseas.

The company's factories are getting back into their stride, they state, and the merchanting side of the business continues to expand its activities.

And the improvement in the activity and profitability of the overseas company is continuing, they add.

● comment

When the final count is taken, the engineering dispute will probably have cost B. Elliott between £750,000 and £1m before tax in the current year. Around three-quarters of this anticipated shortfall occurred in the first half and fell squarely on the UK machine tool manufacture and general engineering divisions. The disruption was enough to push general engineering into an interim loss but was not sufficient to wipe out an overall advance, which turned out at 23 per cent. Merchanting and overseas interests, where the South African contribution jumped from £411,000 to £905,000, were the mainspring of this upturn. For the year as a whole Elliott should produce pre-tax profits of around £10.5m and possibly more. The £44m end-September order book compares with a total of £36m in April and £30m in September last year. Second-half profits last time reached almost £6m and the proceeds of the recent £4.5m rights issue are enjoying high rates of deposit return. There are obviously caveats about the ordering pattern of UK cutomers this winter but the maximum fully taxed p/e should be just under 7 and the sum of the interim and last final dividend payments provides a yield of 8.8 per cent at 212p, up 14p yesterday. The shares may be an exception to a very dull sector rule.

Steady second half leaves Avon Rubber at £2.55m

IN LINE with the directors' midway forecast, profitability at Avon Rubber Company was maintained in the second six months ended September 30, 1979 to leave pre-tax profits for the full year at £2.55m, compared with £4.41m previously. Turnover increased from £119.87m to £150.56m.

When reporting a half-yearly pre-tax surplus down by £1.95m to £0.43m, the directors said the second-half figure was expected to compare favourably with the same period of 1978—in the event, profits of £2.12m (£2.03m) were achieved.

The directors explain that sales and profits during the year were hit by the continued decline of the UK vehicle industry, the road haulage strike, high interest rates, the strength of sterling and the engineering dispute.

In the early months of the year, the former associate Avon Lippiatt Hobbs became a wholly-owned subsidiary following the acquisition of its outstanding shares. This company's profits over the year fully met directors' expectations.

	Year 1978-79 £000	1977-78 £000
Turnover	150,558	119,867
Operating profit	7,589	7,902
Share of assocs.	68	244
Depreciation	2,892	2,458
Operating profit	4,745	5,688
Interest charges	2,192	1,274
Profit before tax	2,553	4,414
Taxation	515	760
Net profit	2,038	3,654
Minority interests	83	102
Extraord. debit	—	309
Attributable	1,955	3,243

Operating profits, before depreciation of £2.89m (£2.46m), slipped from £7.9m to £7.57m. Reflecting the consolidation of Avon Lippiatt as a subsidiary, associates' contribution fell from £224,000 to £68,000. Interest charges rose sharply from £1.27m to £2.19m.

A final dividend of 6.3571p ([illegible]) maintains the net total at [illegible] per £1 share.

The charge for the year was [illegible] (£760,000), arising from ACT written off and on profits of overseas companies.

● comment

Set against the wreckage of the interim figures, the preliminary statement from Avon Rubber makes cheerful reading. Second half profits showed a slight improvement, despite a host of difficulties. The engineering strike knocked around £250,000 off profits, the sterling/dollar rate cut into export margins and, with borrowings rising by around £2m during last year, interest charges were punitive. Over the year, losses totalling £820,000 were recorded by the Bridgend and Inflatables companies but this was partly offset by the conversion of Avon Lippiatt Hobbs into a subsidiary. Net of interest charges, the improvement here was around £350,000. Order-books are currently full and the new steel radial product is going well but the future will remain very murky so long as Avon remains basically a tyre company. Last year, for example, the tyre subsidiary made only £294,000 on sales of £40.5m while industrial polymers turned in a profit of £1.38m on turnover of £26m. The share price, at 138p, fully reflects the uncertainty, trading on a multiple of 3.9 times stated earnings. The yield is a useful 11.2 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Crosby Spring Interiors, Collie's Stores, English and Overseas Investments, Hargreaves, Arthur Holden, Property and Reversionary Investment, 600 Group, Tonnel Holdings, Whitbread Investment.

Finals: Dundee and London Investment Trust, Jatel, Muirhead, Proprietors of Hay's Wharf, Royal Bank of Scotland, United Wire.

FUTURE DATES

Interims—	
Bishop's Stores	Dec. 7
Braham Millar	Dec. 7
Bremner	Dec. 3
Cawoods	Dec. 6
Churchbury Estates	Dec. 6
Downs Surgical	Nov. 30
Dunlopipe International	Dec. 12
Hollis Bros. and E.S.A.	Dec. 19
LRC International	Dec. 6
Marshalls (Halifax)	Dec. 3
Old Swan Hotel (Harrogate)	Dec. 8
Stanhope General Investment	Dec. 18
Whitecroft	Dec. 10
Finals—	
Causton (Sir Joseph)	Dec. 5
Flexello Castors and Wheels	Dec. 6
Messina (Transvaal) Development	†Dec. 3

† Amended.

Brickhouse Dudley in line despite engineers' strike

DESPITE the engineering dispute, Brickhouse Dudley, manufacturer and distributor of drainage products for the building and civil engineering industries, has met its first-half profit forecast.

For the six months to September 30, 1979, the pre-tax surplus totalled £1.05m, compared with £1.17m last time. At the annual meeting in August, the directors expected profits to be in line with 1978, at something in excess of £1m.

Mr. R. A. Graves, chairman and chief executive, now says that advanced capital expenditure programmes, allied to healthy and export order books, would normally have provided for optimism for the full-year results.

"However," he continues, "the economic outlook and cuts in public expenditure make it imprudent for me to say more than that. Providing we have no further industrial unrest to interrupt our manufacturing and distribution programmes, I am hopeful that second half figures will exceed those of the first six months."

Taxable profits reached £2.29m in the last full year.

Of the period under review, the chairman says the strength of the merchanting division showed through while manufacturing profits reflected the cost of the dispute.

Sales for the period rose from £12.22m to £13.8m, of which £2.45m (£2.66m) were exports. Net profit came through at £504,000 (£561,000) after a notional tax charge at 52 per cent.

The net interim dividend is increased by 9.3 per cent to 0.95p (0.869p)—last year's final was 1.8985p.

Increase at General Stockholders

After tax of £176,308 against £152,847, net profits of the General Stockholders Investment Trust increased from £258,028 to £327,310 for the year ended October 31, 1979. Total income rose some £100,000 to £561,493.

Earnings advanced from 2.9p to 3.86p per 12½p share, while a final dividend of 1.9p net, plus a special payment of 0.8p, lifts the total for the year to 3.7p.

67 companies wound up

Compulsory winding up orders against 67 companies were made by Mr. Justice Oliver in the High Court. They were:

Tegram Promotions; Quadriga Inns; Queens Entertainment Centre (Southend); and Millar-Tranmer.

Woollywise; Dorvic Electrical Co.; T.J.S. Management Services; Mantell; and Peladale.

Rawlinson Plant; Morgan Express; T.J. Plant Hire and Construction; Hallmasters; and Jamieson Automatics.

Tubular Welding and Engineering Company; Pearsons Ladies Wear; Hazlemere Carpets; Buttexport; and J. Anderson and Sons (Building Contractors).

Albond Builders; Brotax (Salford); Dernstar; Fonthill Enterprises; General Sign Company (London); and Gletas.

Harperdene; J. and M. Riley and Sons; Keelwave; Lancaster and Humphries; Ligtone Building; and M.L. Press and Development.

Ocean Interpol Leisure Enterprises; Ozpalm; Perrimeel; Pricebest; Renacroft; and Wardsley Building and Investment Company.

A. J. Barham Property; Weatherall and Norris Cleaning Contractors; Wellergull; W. G. Lloyd (Installations); Stapbourne; and Romac Roofing Contractors.

Conex Travel; Fernhambrook; Ronald Law (Construction); Poringland Motor Company; Brunton Contractors; Harrow Watch (Bournemouth); Snowdon Cleaning; and Vendward.

Signal Aerial Service; A. F. Straker and Co.; N and L Discount Stores; Richards Demolition; and Black Ink Films.

Anglo Nordic Fashion; Tropfort; Clean Floors; and Jones Motors (Chepstow).

Kimbermoss; Keeline International; Boursebond; Seven Sisters Roofing Company; Apalbridge and Co. (Financial Consultants); Hazel Bradley; and Rynstar.

MINING NEWS

TCL expects earnings to advance again

BY KENNETH MARSTON, MINING EDITOR

A FRESH advance in earnings for the current year to next September is forecast for South Africa's Transvaal Consolidated Land and Exploration, the mining and investment arm of the Barlow Rand group which has interests covering coal, chrome, gold, asbestos, uranium and timber.

In his statement with the annual report the chairman, Mr. A. C. Petersen, reckons that current year's group profits will rise by a similar amount to that seen in the year just ended. In the latter period they gained 25 per cent to R34.3m (£19.1m) and the dividend total was lifted to 135 cents (75p) from 110 cents.

The better than expected performance in the past year reflected lower than budgeted expenditure on the two big new opencast coal mines and the start of production at one of them, the Rietspruit property. Higher coal sales were achieved while, of other income sources, gold production benefitted from increased prices.

The one dull spot was in the chrome operations which suffered from an over-supplied market and which are not expected to do much better in the current year. Other income should rise and it includes that from the asbestos mines which were acquired from Cape Industries as from the beginning of this year.

Part payment for this acquisition was TCL's holding in Rustenburg Platinum. Mr. Petersen says that last year's absestos earnings were considerably greater than the dividends received from Rustenburg.

Coal will play a major part in the longer term earnings of TCL, notably from the huge Duvha opencast which is expected to provide a positive cash flow from 1980 onwords. TCL shares were £13½ yesterday.

ROUND-UP

A new dispute has prolonged the strike which has halted production at the Rio Tinto-Zinc group's big Bougainville copper-gold operation in Papua New Guinea. After the previous walk-out over pay and conditions, reported here yesterday, was resolved a fresh disagreement has developed which involves the bus drivers who take workers to the mine. However it is hoped that there will be an early settlement to the new unrest.

* * *

South Africa's gold and uranium-producing Vaal Reefs reports that work is on schedule at the new No. 9 shaft system in the mine's South lease area. At the end of September the new main shaft had reached a depth of 1,321 metres and the first mining level had been completed. A further 10 levels will be cut before the shaft reaches its final depth of 2,304 metres—nearly 1½ miles—to become the deepest single lift shaft in the world. Completion of the new shaft system is scheduled for end-1983.

* * *

Canada's Camflo Mines has lifted its nine-months' net profits to a record C$6.9m (£2.7m), or C$1.97 per share, from C$3.6m in the same period of last year. The advance reflects gains on sales of investments, higher prices for the Quebec gold production and increased oil and gas revenue.

Big alumina deal approved

THE A$1bn (£504.5m) Worsley bauxite-alumina project in Western Australia has cleared its final hurdles. Construction will start early next year with first production in 1983, reports Don Lipscombe from Perth.

The go-ahead was announced yesterday by Sir Charles Court, the Western Australian Premier. It was foreshadowed last week, when Japanese participation was announced in Tokyo. The Commonwealth Government has approved the equity in the project despite the fact that the Australian portion is only 30 per cent.

The main shareholder is Reynolds Metal of the U.S. with 40 per cent. Shell Australia has 30 per cent, while a 10 per cent holding has been taken by Kobe Alumina Associates, which groups together Kobe Steel, Nissho-Iwai and Sumitomo. The Australian representative is Broken Hill Proprietary with 20 per cent.

The project will use bauxite from the Mount Saddleback area and will be fuelled by 400,000 tonnes of coal a year from the Collie field. The alumina plant will be at Worsley.

Initial production will be 1m tonnes of alumina a year, but the joint venturers' agreement with the state Government allows for this to double. The Commonwealth Government has formally approved export of the product.

By the end of the year an engineering management contractor is likely to have been commissioned. A short-list of contractors, including Bechtel, Dravo, Fluor, Kaiser and Ralph M. Parsons, is believed to be preparing submissions for a technical meeting scheduled to take place next month.

● Broken Hill Proprietary has meanwhile announced that it will take up a 35 per cent interest in a New South Wales aluminium smelter planned by Alumax. Annual capacity would be 235,000 tonnes a year, starting in 1984.

Alumax's interest in proceeding with the A$535m project was made explicit last April. The company is 50 per cent owned by Amax of the U.S., 45 per cent by Mitsui and 5 per cent by Nippon Steel, both of Japan. Alumax will take up the greater part of the remaining 65 per cent of the venture.

BHPs share of the alumina for the smelter will come from Worsley.

Encouraging start for Morlang

TRADE IN the first month of the current year has been encouraging, Sir John Thomson, chairman of Morland and Co., the Abingdon-based brewer and wine and spirit merchant, tells members in his annual statement.

In July this year the company produced a new bottled beer called Old Speckled Hen, and sales of this have been "most pleasing."

As reported on November 16, pre-tax profits for the year to September 30, 1979, rose from £0.96m to £1.13m. On a current cost basis this is shown at £928,520 (£761,402), after depreciation of £165,486 (£193,801), cost of sales £49,956 (£21,264) and gearing adjustment £16,550 (£17,988).

Sir John reports that despite poor weather during the summer trading period beer sales for the year improved by 5.2 per cent, compared with the national sales figure of some 2 per cent.

A statement of source and application of funds shows a decrease in working capital of £250,819, against an increase of £376,218.

At November 15, Whitbread Investment Co. held 39.98 per cent of the company, Globe Investment Trust 6 per cent and Britannic Assurance Co. 5.66 per cent.

Meeting, Abingdon, on December 18, at 12.30 pm.

Majedie's portfolio balance

Control of inflation by the use of higher interest rates is likely to cause a recession in world trade, says Mr. John Barlow, chairman of Majedie Investments. The company has therefore increased its holdings of asset orientated investments and will continue to depend largely upon income from traditional investments in plantation companies.

He tells members in his annual statement that "with this balance in the portfolio the company should be able to continue to build upon past progress."

As reported on November 8, before a profit on sale of investments of £173,287 (£257,516) pre-tax profits for the September 30, 1979 year rose from £419,232 to £535,164. The dividend is doubled to 1.5p (0.7467p) per share.

Some 70.6 per cent of total investments, market value of which was £15.17m (£11.23m) at September 30 came from plantations.

Mr. Barlow says that the amalgamation with Sekong Rubber Co. was completed during the year.

At the AGM a resolution will be proposed to raise directors' and chairman's fees, in line with the increase of the company's assets, from £400 to £2,000 and from £500 to £1,000 respectively. No fees will be paid by subsidiaries to their non-executive directors, the final result being to double the fees paid by the group, while still remaining well below the limits contained in the new article.

Meeting, 10, Mincing Lane, EC, December 18 at 12.15 pm.

Transvaal Consolidated Land and Exploration Company, Limited

A Member of the Barlow Rand Group

(Incorporated in the Republic of South Africa)

Extracts from the Chairman's statement for the year ended 30th September, 1979

The year ended 30th September, 1979 was a memorable one for the country, the mining industry and your company, Transvaal Consolidated Land and Exploration Company, Limited. Acceptance by the Government of the Wiehahn and Riekert Commission reports indicates that major and very necessary changes in the labour situation in South Africa will occur, and the considerable rise in the price of gold will help to provide the means to implement these changes. As far as your company was concerned, record profits were achieved. A new opencast coal mine was brought into full production and another to the initial production stage, while two asbestos mines, plus their selling organisation, were added to the group. Profits attributable to members of the company rose by 25 per cent to R34 330 000.

In my statement last year, I said that the group would continue to expand and that its total revenue would increase but that, due to heavy interest and amortisation charges, profit for 1979 would be much the same as in 1978. I am pleased to inform you that, owing to the high degree of technical and managerial skills of the staff employed in our group and by the management company, Rand Mines, Limited, as well as very tight control on expenditure, the capital outlay on all the mines – particularly that required to bring the two giant new opencast coal mines, Rietspruit and Duvha, to their present stage of development – was considerably less than originally budgeted. This substantially reduced both the interest and amortisation charges for the year. In addition, Rietspruit opencast coal mine, which came into production in January 1979, operated at a considerably higher level of output than originally planned. This, plus better sales – particularly exports from the commercial collieries in the Transvaal – resulted in higher revenues than I expected last year. In this regard, the South African Railways and Harbours Administration must be congratulated on hauling over the railway lines and shipping through the harbour at Richards Bay greater quantities of coal than was initially thought possible.

Towards the end of the financial year, the price received for gold was considerably higher than expected and this resulted in much improved dividends from those gold mines in which your company has substantial holdings.

During the year, the company took over the asbestos mining operations in South Africa formerly controlled by Cape Industries Limited, of the United Kingdom. The take-over was effective as from 1st January, 1979 and the earnings from this source were considerably greater than the full year's dividends from the company's interest in Rustenburg Platinum Holdings Limited, which was used as part payment for the new acquisition.

Owing to an over-supply of Transvaal chrome ore, the company's chrome mining subsidiaries recorded considerably lower profits than in previous years.

However, the results of the other operations were so outstanding that your company once again achieved record revenue and profits. The summary of results for the year and the histograms accompanying this statement show the company's achievements over the past nine years and effectively demonstrate your company's progress.

The price of gold, which at the end of the company's financial year was fluctuating wildly around levels that had never been achieved before, will probably settle down at a lower figure than the highest achieved recently, but I am sure this will be considerably greater than the average price received during the past year. We can therefore confidently expect greater revenues from gold dividends in the current year.

Although the internal market for coal is likely to be restricted due to over-production, and prices on the export market might not rise to any extent for a year or two, your company will benefit from the inclusion of earnings from Rietspruit for a whole year and the commencement of earnings from the first stage of supply to the Duvha Power Station.

The marketing of asbestos is complicated by environmental difficulties, but these were taken fully into account when determining the purchase consideration for the asbestos mines and for calculating the potential yields. The asbestos companies will contribute for a full year for the first time in 1980 and I expect improved earnings from this source.

Unfortunately, it would appear that chrome will remain in the doldrums, but a small improvement in contribution from this product should occur.

However, I believe shareholders can expect an improvement in total group profits in the current year similar to that achieved in the year just completed.

From the industry's and the country's point of view, the additional revenue from coal exports, and particularly that now being received from gold, has made and will make a substantial contribution to South Africa's economic health and stability. These additional revenues come at a time when the Government of the country, through the Prime Minister, has expressly stated that the limitations in both job opportunities and living conditions, which for so long have been imposed on our black population, are now to be lifted. Every thinking South African will applaud the Prime Minister's stand on this issue and it is fortunate that, through the products of the mining industry and the large sums it will pay in taxation, funds will be available to the Government to implement the developments it has advocated and which are so vitally necessary. This expenditure should be fully justified because the implementation of the recommendations made in both the Wiehahn and Riekert Commission reports will, I am sure, enable better utilisation of manpower to be made and must ultimately result in better productivity, greater revenues, higher living standards and lower unemployment. However, I do once again appeal to the Government to realise that these problems confront us now and that the solutions to them must be produced now. In particular, I refer to the ability in our country to expand the coal mining industry through permission to increase exports and so create additional revenues and many more jobs, not only directly in mining but in all the infrastructure which arises when new mines are developed.

Asbestos

For some years, the group held 5,8 per cent of the equity in Rustenburg Platinum Holdings Limited – a minority investment in a company managed by another mining house. Dividends received over the years have been disappointing.

Exchange of the company's direct holding in these shares facilitated the acquisition, with effect from 1st January, 1979, of the South African asbestos mining division of Cape Industries Limited. The total consideration was R28,6 million.

For the nine months ended 30th September, 1979, the asbestos companies contributed R3 032 000 to the group's net profit. In addition, the company received all the dividends from the platinum shares during the year to which it would have been entitled had it not disposed of those shares. This amounted to R936 000.

Chrome

The contribution from the company's three wholly-owned chrome mining subsidiaries dropped sharply, owing to general over-production in the industry and narrow profit margins.

Capital expenditure has been limited on all of these mines to essential work or work designed to take advantage of any market improvement.

Coal

On 1st February, 1979, the Price Controller granted an increase of R2,06 per ton to the Natal collieries and an average increase of approximately R1,02 per ton to the Transvaal coal mines. The range of increases in the latter case went some way towards creating realistic price differentials between the relative heating values of different grades of coal. Export prices have increased slightly.

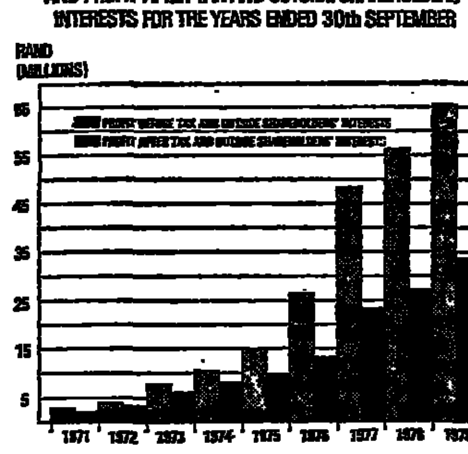
FEATURES OF THE GROUP RESULTS

	1979 R000's	1978 R000's
Turnover	207 420	141 587
Profit before taxation	65 565	56 502
Taxation	22 780	21 062
Normal	15 179	9 807
Deferred	7 601	11 255
Outside shareholders' interests after taxation	8 455	7 958
*Profit after taxation and outside shareholders' interests	34 330	27 482
Earnings per share	470 cents	376 cents
Dividends per share	135 cents	110 cents
Dividend cover	3,48	3,42

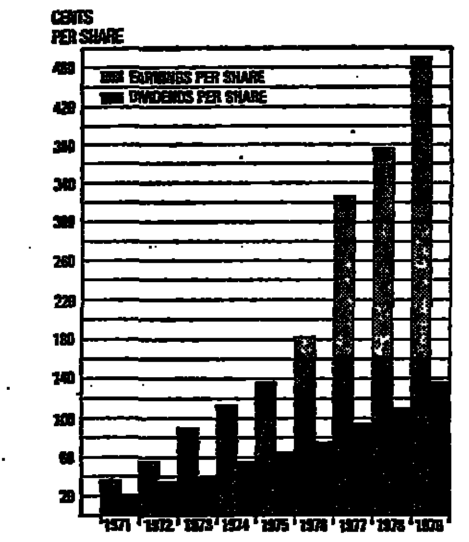
*The net attributable earnings of the various activities of the group were:

	1979 R000's	1979 Per cent	1978 R000's	1978 Per cent
Dividends from gold and uranium mining	7 945	23,13	3 885	14,13
Dividends from platinum mining	936	2,72	—	—
Royalties from mineral tributes, after taxes	328	0,96	613	2,23
Investment realisation, after tax	492	1,43	384	1,39
Exploration expenses less sundry income	(398)	(1,14)	(134)	(0,47)
Earnings from asbestos mines	3 032	8,83	—	—
Earnings from chrome mines	848	2,47	2 860	10,41
Earnings from coal mines	20 420	59,48	19 365	70,46
Earnings from forestry operations	727	2,12	509	1,85
	34 330	100,00	27 482	100,00

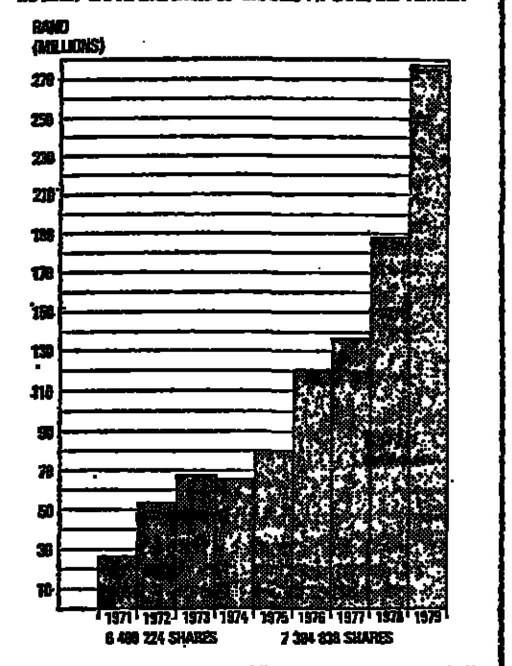
PROFIT BEFORE TAX AND OUTSIDE SHAREHOLDERS' INTERESTS AND PROFIT AFTER TAX AND OUTSIDE SHAREHOLDERS' INTERESTS FOR THE YEARS ENDED 30th SEPTEMBER



EARNINGS PER SHARE AND DIVIDENDS PER SHARE IN CENTS FOR THE FINANCIAL YEARS ENDED 30th SEPTEMBER



MARKET CAPITALISATION OF SHARES AT 30th SEPTEMBER



However, various factors had the effect of eroding part of these gains. These included the adverse effects on realisations arising from exchange fluctuations where export contracts were stated in U.S. dollars. Transport costs were higher, especially for the Natal producers. In addition, the effect of rising oil prices was felt, but the full impact will only occur in the current year, when higher direct fuel costs will be borne for a full year and the secondary impact of increased prices on other oil-based stores will be experienced.

Owing to a decline in the extent of the Natal coal trade, the profits of Welgedacht Exploration Company, Limited were lower than in 1978.

Although sales on the inland market declined markedly and exports increased marginally, the results of Witbank Colliery, Limited improved in relation to the preceding year. Establishment of the Duvha opencast mine is on schedule. From 1980 onward Duvha's annual cash flow is expected to be positive.

The build-up of production at the Rietspruit opencast mine progressed satisfactorily during the year and some 2,6 million tons of processed coal were railed to Richards Bay. Shipments are expected to increase to 4,8 million tons in 1980. A positive cash flow is foreseen in 1981.

Heavy borrowings were made for the financing of both the Duvha and Rietspruit projects. In each case, the group's outlay should be recouped in a comparatively short time. This will enable rapid repayment of these loans, and increasing benefits from the earnings of both opencast mines may be expected thereafter.

Gold

A positive attitude towards gold has developed. This is linked to the declining acceptability of the U.S. dollar as the principal international reserve currency. Strong growth in demand for gold for industrial and commercial applications is continuing, while the futures market is becoming more important. In addition, gold has become an important element in asset management in both official and private circles; it remains one of the more acceptable stores of value, especially in times of economic uncertainty and regional political instability.

However, the gold price is clearly exposed to the risk of sharp fluctuations in the short term. The volume of gold under the control of hoarders and speculators has increased. Their activities, especially during economic and political crises, will continue and could cause fairly sharp price fluctuations. The magnitude of these fluctuations is likely to become greater as the gold price rises and the volume of metal under their control increases. Although investment interest in gold will continue until inflation in the western world is brought under control, the performance of the United States economy will continue to be the single most important factor in the determination of the gold price. The American economy appears to be near the brink of a fairly serious recession. Any such recession, or even expectations of it, might operate to strengthen the dollar and reduce American oil imports. This would reduce the adverse impact on the dollar of continuing American current account deficits and might cause the gold price to rise more slowly or even to drop temporarily.

The past twelve months have proved to be very successful for the gold mining industry, mainly because of the continuous improvement in the price of gold. A further factor which has contributed towards the industry's improved performance was the adequate supply of unskilled labour available throughout the period. In contrast to these favourable developments, the industry continues to be adversely affected by the rate of increase in working costs. Although in the early part of the year the rate declined, cost increases remain a matter of considerable concern.

Uranium

Over the past year the price of uranium has shown no growth in real terms. Stagnation exists in respect of orders for new nuclear power stations owing to the activities of various anti-nuclear groups and the fear of the United States administration about the role of the nuclear power industry in the proliferation of nuclear weapons. More recently, the incident at the Three Mile Island nuclear plant in the United States tended to heighten fears about the safety of such plants.

Unfortunately, certain very important and positive aspects of this accident have to a large extent been overlooked. The incident involved no loss of life and, indeed, no serious injuries. In fact, according to all reports, it demonstrated how well the various critical components tolerated the abuse to which they were unwittingly subjected.

In view of the crisis in the supply of oil, it is difficult to visualise how the western world can avoid the rapid introduction of additional nuclear power generating capacity. In the short term, the supply of uranium may continue to exceed demand but this will change when the reality of the world's energy problem is finally accepted and nuclear power plants are constructed at the required rate.

Labour

The Barlow Rand Group Code of Employment Practice seeks to ensure that employees are engaged and appointed on the basis of their ability to meet the job's requirements; to achieve the training of employees so as to improve their performance and to prepare them for levels of responsibility commensurate with their abilities; to eliminate discrimination in regard to remuneration and the working environment; and to improve the quality of life.

Good progress is being made in the implementation of the Code on the mines of the group, especially in preparing for the introduction and operation of committees on the mines to improve communication between management and employees. Unskilled employees are being trained to participate fully in this system.

Changes in society's attitudes towards employment practices are occurring at a rapid pace. The recently published reports of the Riekert and Wiehahn Commissions contain recommendations which augur well for the elimination of racial discrimination in industry. The Government has accepted the majority of these recommendations and legislation amending the Industrial Conciliation Act was passed in the last session of Parliament. This legislation, while not fully consistent with the recommendations of the Wiehahn Commission, marks an important step in the right direction. It is hoped that the Government will proceed with the introduction of further legislation to ensure that the required changes in the utilisation of human resources become effective at the earliest possible date.

There is clearly some apprehension among white mine workers about possible future changes in employment practices. The abortive strike of members of the Mine Workers Union in March this year is evidence of this. It is going to require great patience and understanding on the part of all concerned to evolve and implement the changes in employment practice which are in the interests of the mining industry and of the community as a whole.

Although the supply of unskilled labour was adequate, a shortage of qualified artisans was experienced. This is expected to become even greater in the near future. There is a very urgent need to train increasing numbers of people in the trades and it would appear that the required numbers will be obtainable only if this type of employment is opened to all race groups.

Dividends

An interim dividend of 42 cents per share and a final dividend of 93 cents per share were declared in respect of the past year. The total of 135 cents per share is 23 per cent higher than for 1978.

As I mentioned earlier, profits for the current year should show continued improvement. I therefore believe that shareholders can look forward to further increases in dividends in the year ahead.

Late C. S. Barlow

It is with deep regret that I record the death on 1st June, 1979 of Mr. C. S. Barlow. He became a director of the company on 31st August, 1971 and his wise counsel will be greatly missed.

A. C. Petersen Chairman

Johannesburg
13th November, 1979

OVERSEAS BACKLASH AGAINST ANTI-TRUST LAWS

Pushing back the boundary of U.S. jurisdiction

BY PAUL CHEESERIGHT, MICHAEL DONNE, IAN HARGREAVES AND A. H. HERMANN

FOR NEARLY 40 years, the U.S. has been involved in a quiet but frequently bitter dispute with its trading partners about how far its laws extend.

Exasperated by the failure of diplomacy to resolve the differences, the UK Government *is pushing through Parliament* the Protection of Trading Interests Bill.

Changing perceptions of the law

When the courts of the U.S. stretch out their arms to seek worldwide jurisdiction over the commercial activities of anybody and any company which might affect the U.S., they *emphasise the decisive shift* that has taken place in legal practices and aspirations over the past 100 years.

In 19th century China, companies from the U.S., the UK and France used to insist on being judged by the laws of their own country. But now, even the most powerful multinationals accept without a murmur that their foreign activities are subject to the laws of the host country. Travellers no longer carry the laws of their home country in their saddlebags.

This is an acknowledgement of sovereignty. However, a new trend is developing—it is the idea that sovereignty does not stop at a nation's borders. The leader in this new trend is the U.S., as it insists more and more that foreign companies must observe U.S. laws, not only when they are doing business inside the *U.S. but also when their* outside business has an economic effect on the U.S.

The beginnings of anti-trust

This insistence is most *obvious through the application* of the panoply of anti-trust—or competition—laws and the U.S. court decisions which have flowed from them.

U.S. anti-trust enforcement is concerned both with the maintenance of competition and the structure of markets and industries. There are three basic statutes:

- The Sherman Act, adopted in 1890, prohibits unreasonable restraints of trade;
- The Clayton Act, passed in 1914, bans mergers and acquisitions which may lessen competition;
- The Federal Trade Commission Act, also adopted on the eve of World War I, is directed against unfair and deceptive trade practices.

During the Depression of the 1930s, there was more legislation, notably:

- The Robinson-Patman Act of 1936 was aimed against price discrimination and designed to protect the small shopkeeper.

Court rulings

The difficulty for foreign countries has come from the attempt to apply these laws outside the U.S. The attempt is based on court precedents, which have given rise to the "effects doctrine." Broadly this states that the behaviour and actions of foreign companies, whenever and wherever they take place are a matter for U.S. law, if they produce economic effects to the U.S.

There have been two significant Supreme Court rulings:

In 1945, in U.S. v. Aluminium Company of America, the Court said: "It is settled law . . . that any state may impose liabilities, even upon persons not within its allegiance, for conduct outside its borders that has consequences within its borders which the state reprehends; and these liabilities other states will ordinarily recognise."

In 1962, in Continental Ore v. Union Carbide, the Court said: "A conspiracy to monopolise the domestic or foreign commerce of the U.S. is not outside *the reach of the Sherman Act* just because some of the conduct complained of occurs in foreign countries."

But there is a qualification to *the legal doctrine embodied in* these judgments. A 1934 Supreme Court ruling, in Parker v. Brown, held that where a foreign government requires a company, even a U.S. one, to do something which would be offensive to the U.S. anti-trust laws, then that ends the U.S. anti-trust inquiry.

Yet there is a big limitation. If it can be shown that the company asked the foreign government to adopt anti-competitive restrictions, or played a part in their administration, then the defence of foreign sovereign intervention is no longer effective.

Enforcement

After World War II, the enforcement of anti-trust legislation was directed primarily against rising concentration in industry. As fines had little effect on large groups, prison sentences were imposed on the managers of General Electric and Westinghouse in 1960. Later proceedings were started *with the aim of dismembering* IBM.

Since the Carter Administration came to power there has been a plethora of new legislative proposals seeking to strengthen anti-trust enforcement. Government regulatory agencies have been aggressive.

The Federal Trade Commission started a shift of policy away from prosecuting anti-competitive behaviour to efforts designed to curb economic power, when that power is seen as a threat to consumer interests, the environment and individual freedom.

Although there are indications that the wings of the FTC have been clipped, other agencies have sought to use the principles of anti-trust as a vehicle to regulate trade and industry even outside the U.S.

Instrument of policy

The Commission on American Shipbuilding, for example, uses anti-trust laws as an instrument indirectly to enforce policy. The Federal Securities and Exchange Commission insists it *may call* to order one European company taking over another when some of its shares are owned by American investors. The Federal Maritime Commission has sought to control freight rates on transatlantic runs and curb international shipping conferences. The Civil Aeronautics Board has turned its hostile gaze towards the International Air Transport Association.

The way in which the ambition of the U.S. authorities to regulate trade clashes with practices perfectly legal outside the U.S., and the way in which U.S. companies can shelter behind this ambition, has emerged clearly in three areas.

- **Aviation**, because of the *desire of the U.S. Civil Aeronautics* Board to remove from airlines who are members of IATA their current immunity under the anti-trust laws.

Such a step would immediately make those airlines liable to prosecution and heavy fines simply for being a member of the Geneva-based IATA. Over a year ago, the CAB ordered the IATA to "show cause" why such immunity should not be removed.

Since then, over 40 foreign governments and over 60 foreign airlines have filed evidence with both the CAB and State Department in support of the IATA.

Recently, in Washington the CAB held public hearings of evidence for and against the IATA, which it is hoped will serve to soften its antagonism towards the airlines' body. Already, under pressure *from* foreign governments, the CAB has modified its stance, and is now only seeking to remove the anti-trust immunity from those airlines directly serving the U.S., whereas originally it was threatening such a measure against all airlines in the IATA.

The battle is far from over. The CAB is not prepared to give way just yet, while foreign governments are determined to resist what they believe to be an unjustifiable attack on their own sovereign rights, and those *of their airlines*, to be members of whatever international body they chose.

- **Shipping**, where anti-trust considerations have dominated *the politics* of the transatlantic liner trade for many years. Tensions have been especially high in the past two years as a result of specific legal actions taken by the U.S. maritime and judiciary authorities against seven European and U.S. shipping groups.

Dart Containerline vessels load at Southampton. The rates which this and other lines charge for transatlantic crossings have been the subject of U.S. Department of Justice anti-trust proceedings, and more suits have been launched by U.S. customers. The series of cases has been singled out by the UK Government as one justification for the Protection of Trading Interests Bill.

The authorities allege that these liner companies violated anti-trust law by failing to make full disclosure and to go through all the necessary detailed procedures in arriving at the common tariff structures which are the basis of the liner shipping industry's price-fixing Conference system.

These shipping groups, which include the Southampton-based Atlantic Containerline, Hapag Lloyd of West Germany and Dart Containerline, agreed to *pay fines totalling $6.1m in June*, without admitting guilt, in order to avoid a long legal process.

Since then the Federal Maritime Commission has announced *a full-scale inquiry into the* Atlantic conferences' activities and a rash of civil anti-trust damages suits have been launched by customers of the shipping lines.

European and Japanese shipowners argue that they are being prosecuted for following trading practices which are legal in their own countries and which are accepted internationally, by such bodies as the UN Conference on Trade and Development.

The U.S. Department of Justice takes the view that conferences are monopolistic devices designed to drive up prices. In the U.S., shipping companies have only limited exemption from anti-trust law and shippers, the customers of shipping lines, are not allowed to form groups to bargain collectively with the lines.

- **Uranium**, following the failure of Westinghouse Electric to honour supply contracts, pleading, in 1975, "commercial impracticability." When Westinghouse was sued by 27 power utilities in a series of cases it could have been liable for $2bn.

The group then turned round and itself brought an action against 29 international uranium producers, including companies in the Rio Tinto-Zinc group. Its suit claims treble damages of $6bn—the $2bn for which it could have been liable, multiplied to give a punitive element.

The producers are said to be in breach of the anti-trust laws in that, by operating a cartel to fix prices between 1972 and 1975, they denied Westinghouse access to supplies.

The UK, Australian, Canadian and South African companies involved do not accept the jurisdiction of the U.S. court, which has not yet had substantive hearings on the matter, and has indeed found them in default.

However, the cartel operated outside the U.S. with the knowledge and encouragement of governments. It was established as a response to a U.S. action which barred uranium imports, thus cutting off outside producers from three quarters of the world market at a time when U.S. producers were permitted to export.

All the cartel's pricing arrangements naturally excluded the U.S. and there has been no suggestion outside the U.S. that member countries were in breach of any laws. Inside the U.S., grand jury proceedings, initiated by the Department of Justice, into uranium price fixing did not result in the pressing of charges.

The international response

Since 1945 at least 19 governments have protested to the U.S. about its assertion of jurisdiction in international anti-trust cases. The latest and strongest legislative response has come from the UK where the Protection of Trading Interests Bill could become law early next year.

The Bill takes resistance to U.S. legal practices onto new ground. It permits UK companies to recover the punitive element of foreign multiple damage judgments from the UK assets of the company granted them in the first place. Multiple damages—compensation to an injured party multiplied to become punitive damages—are common in the U.S.

Multiple damage judgments will not in any case be enforceable in the UK. The Bill would also give the Trade Secretary sweeping powers to decide whether UK companies should accede to foreign attempts to regulate international trade and to direct the degree of co-operation with foreign courts and investigations.

Such controls on the provision of evidence and the appearance of foreign witnesses in U.S. proceedings are not uncommon. Thirteen other countries are known to have erected barriers to stop information going to U.S. proceedings.

In Europe defensive measures have been taken by Denmark, France, West Germany, Italy, Netherlands, Norway, Sweden and Switzerland. In the Commonwealth measures have been taken by Australia, Canada and India. South Africa and Japan also block the provisions of information.

Broadly there are two different approaches to the question. The Netherlands, South Africa and Switzerland have blanket legislation which provides that nobody may give any information without permission. Elsewhere information may not be *provided if the authorities decide against it.*

Canada, France, Italy and the Netherlands are currently considering the possibility of *strengthening their protective* legislation.

The followers

Despite the widespread international resentment about U.S. practices, the effects doctrine has found followers in Europe:

- The EEC Commission contends that the competition rules of the EEC apply to any behaviour which has an impact on the EEC even if the actions take place outside. The Commission sought to apply the doctrine to ICI before the UK became a member of the EEC.
- In West Germany, the Supreme Court recently signalled that the doctrine could be applied in Germany when it ruled that the acquisition of a U.S. company by the U.S. subsidiary of Bayer, a German group, had to be notified to the Federal Cartel Office.

Britannia Arrow may step in for Dawnay

BY CHRISTINE MOIR

Britannia Arrow, the unit trust group formerly known as Slater Walker, has put a spoke in the smooth wheels of the agreed bid by *Rothschild Investment Trust* for **Dawnay Day**, the merchant banking, life assurance and unit trust group.

Britannia said yesterday that it was "considering making a bid" for Dawnay Day itself—a move which caused the shares to rise to 64p when they returned to the lists. This prevents RIT from buying any shares in the market because its bid is for 60p in cash.

Britannia's shares are currently trading at 19½p, which is 5½p under par, but the group has strong cash balances despite a number of major acquisitions and strategic investments this year.

As with RIT, Dawnay's main attraction for Britannia is its wholly-owned life assurance and unit trust management group, Target Life, which the directors believe is worth £6m.

Britannia has made no secret of its desire to buy a life assurance group. Mr. Geoffrey Rippon, the chairman, said in his last annual statement that this was the "main priority for 1979."

Britannia, which was reconstructed out of the ruins of the Slater Walker empire, controls more than 30 unit trusts of its own and has around £200m of funds under management which makes it somewhat larger than the Target group.

Over the past year it has been busy diversifying into financial services, an area in which Dawnay Day also specialises. In August it bought Siemssen Hunter, the publishing and cigar importing group, for £5m. Dawnay also has interests in a literary agent and a cigar importer, although Britannia stated at the time of its bid for Siemssen that it was not interested in the cigar side.

During the Siemssen offer, Britannia announced that its recovery battle was beginning to pay off. For the first time in some years there were interim profits to declare—of £817,000—and the arrears on the preference dividends have ben paid off.

Meanwhile RIT, which is bidding for Dawnay through Hume Holdings, has Dawnay's board behind its bid. It already owns 5.6 per cent, and has persuaded the Prudential group, with 19 per cent, to say that its "present intention" is to accept RIT's offer.

Another major factor in any bid for Dawnay is the position of the *Department of Trade* which vets the ownership of life assurance and unit trust companies.

Dixon extends offer date

The claim by **Montfort Knitting Mills** that it has the support of its shareholders in contesting the bid from **David Dixon**, seems borne out by the news that *Dixon's offer has reached its first* closing date with only minimal acceptance.

Dixon is now extending its bid to December 7. By yesterday Dixon was claiming to own or have acceptances from shareholders amounting to 11 3 per cent of the equity. Of that total, acceptances only account for 161,031 shares—less than 0.1 per cent of the equity.

MITCHELL COTTS BUYS INTERCAM

Mitchell Cotts-Lennon, part of the **Mitchell Cotts Group**, the international trading, engineering and transport group, has concluded a deal to acquire **Intercam Science and Educational Projects** of Cambridge

Intercam, which is an educational consultancy, provides project management to overseas universities, colleges and training centres who are either establishing or expanding their laboratories, workshops or other training and scientific facilities.

CARDIFF MALTING

Pauls and Sanders has disposed of 143,500 shares in the *Cardiff Malting Co., reducing its* holding to 1,000 shares. General Industries has acquired 143,500 shares making its holding 156,000 shares or 21.2 per cent.

Hodge group completes shake-up

HODGE GROUP, the banking and personal finance group formally headed by Sir Julian Hodge, has reached the final stages of rationalising its activities.

In a series of deals announced yesterday, the insurance underwriting companies, Hodge General and Mercantile Insurance Company and Hodge Life Assurance Company are to be transferred to the direct ownership of the Standard Chartered Bank, Hodge Group's parent company, together with certain of the banking business transacted by Julian S. Hodge and Co.

The remaining banking interests and the instalment credit business of Hodge Finance will be carried on in the name of Chartered Trust with effect from December 28. The new trading name is designed to give a closer identification with the parent bank.

HAMBROS IN *MINORITY DEAL*

Hambros Bank and Canadian Imperial Bank of Commerce, announce that, as contemplated in the shareholders' agreement, Canadian Imperial Bank of Commerce is taking over the 49 per cent *minority interest previously* held by Hambros in **CIBC Limited**.

The company, which has hitherto confined its activities to the Eurobond markets, will involve itself in a broader range of international capital market activities including medium term loan business.

The transfer of shares will take place with effect from December 31, 1979.

TKM buys Magna Holdings

Tozer Kemsley and Millbourn (Holdings), the international trade and investment group, has acquired **Magna Holdings**, a Canadian company, for the Canadian dollar equivalent of £3.48m and the issue of 1.81m Tozer shares.

Magna, engaged in the distribution of photographic equipment and accessories, business machines and photo finishing, has its main warehouses, offices and processing plants in Toronto, Montreal, Edmonton and Regina with sales offices across Canada, and employs 280.

In 1978 the group's turnover was C$19m and the net asset value was about $9m. Pre-tax profits for the year ending December, 1978, were $1.8m.

Mr. Ken Roberts, chairman of TKM, said yesterday that Magna, "operates in a growth market and TKM's trading experience and financial expertise will contribute to further steady expansion."

He stated that the acquisition was part of the group's strategy of broadening its base in the western hemisphere within the framework of international trade, finance and service activities.

John Swire expansion

John Swire and Sons, the overseas trading group, has acquired a *40 per cent shareholding in* Trans Canada Freezers, a Toronto-based refrigerated warehouse chain, in a deal worth US$13.8m (£6.4m).

Under the agreement John Swire is entitled to acquire a controlling interest in the group.

Trans Canada Freezers owns American Consumer Industries, a U.S. refrigerated warehouse chain, and thus has over 30 outlets in the North American market and a total of 40m cubic feet of refrigerated warehouse space.

Swire already has interests in 11m cubic feet of refrigerated space in Australia through its company Frigmobile.

Market smiles on Hanson block

BY ANDREW FISHER

The news that **Hanson Trust's** *$163m (£75m) bid for Barber Oil* of the U.S. had fallen victim to the country's stiff and complex hipping laws was met with smiles rather than frowns in the market yesterday.

It Hanson had been able to go ahead with its plans to acquire Brber, the resulting takeover would have been the largest in the UK group's history. Hanson would have been paying around twice book value for Barber's assets and planned to finance the deal through expensive U.S. borrowings.

Hence, commented one UK analyst who follows the company's progress: "I don't think Hanson shareholders will be too distraught." Enchoing this view, the shares put on 9p yesterday *to close at 124p*.

But Hanson's man in the U.S., Sir Gordon White, does not think the price would have been too high. "It would have been well worth it," he said yesterday. Barber's oil assets are valued in *its books at well below the value* placed on them by today's soaring energy prices, and Hanson already has a 9 per cent stake in the company which it purchansed cheaply earlier this year.

Thus the true cost of the bid would have been less than $150m, Sir Gordon asserts. Hanson started buying Barber *shares at around $20 each and* picked up the whole of its holdings for under $30. "We never thought we had a chance of taking it over. We just believe it was very very undervalued. Hanson was prepared to pay $61.50 a share for Barber, a price which the U.S. concern found acceptable.

What finally decided Barber to put the shutters down on the deal by refusing to grant Hanson more time to work out its formal offer was the delay caused by the working of the U.S. maritime law. This lays down that foreign companies may not own more htan a quarter of any concern operating ships under the U.S. flag.

Barber considered that it was *taking too long to work out a* solution and that it was losing out on potential business as a result. Any further extension for Hanson, which made its bid approach in mid-September, would have meant putting further oil and gas exploration projects on ice while the UK company continued to evaluate Barber and its accounts.

Sir Gordon reckoned that Barber's shipping activities could have been sold for up to $35m compared with a book value of around $10m. Five U.S. companies were ready to do a deal, *but Barber was not prepared to* let Hanson hand out the relevant figures to its competitors.

"It was probably super-caution on our side which led to a delay," he added. "I would not accept anything other than the deepest investigation into what was going on." While both Hanson and Barber attempted to work out some form of solution, possibly by dealing with shipping as a separate item, the problem proved intractable. A mass of regulatory approvals would also have been needed.

According to Sir Gordon, Hanson had been encouraged in its aim of buying Barber, whose U.S. flag tonnage totals $46,000 DWT including American Navy contracts, by the fact that Engel*hard Minerals and Chemicals* had made a previous approach.

Because Engelhard is 29 per cent owned by Anglo American Corporation, based in South Africa, it would also have had to run the gauntlet of the U.S. maritime laws. Hanson considered, therefore, that the Gordian knot could possibly be cut and decided to enter the fray and top Engelhard's $55 a share offer. Engelhard quickly decided to withdraw, however, in the face of Hanson's extra $6.50 a share.

Undismayed by its failure with *Barber, Hanson is still on the* lookout for other energy opportunities in the U.S. "We are thoroughly examining and re-examining things we looked at three years ago." said Sir Gordon. Price, though, is likely to be a problem—"without careful prospecting, there are no bargains in the U.S. market at the moment."

Barber Oil, too, is keen to continue with the expansion of its energy interests, although the market for coal—accounting for over 30 per cent of its assets last year—remain depressed. One of its key ventures is the participation in the large "Cognac" oil and gas field off the coast of Louisiana.

In the first nine months of this year, Barber's net income raced up from $4.8m to $8.7m, although a good deal of the improvement reflects the sale of its interest in the Jay Field in Florida and of ships. Progress in the whole of 1978 was more leisurely, with a rise from $7.2m to $8m.

Barber's president and chief executive, Mr. John Lee, said Barber was not currently considering any other approaches from potential bidders. In fact, the company is itself looking at some small acquisitions on which it was forced to hold off while Hanson continued its evaluation.

Wallis Fashion asks for suspension on approach

Wallis Fashion Stores, which operates a chain of about 80 high-fashion dress shops, asked for its shares to be suspended yesterday because it has been approached by "a substantial UK public company" about a possible take-over.

The shares were suspended at 38p which puts a market value on Wallis of £3.95m. Earlier this year the market had valued the group at £11.5m in the build up to what transpired to be record profits of £1.5m.

The market optimism, however, was soon shattered when Lord Mancroft, chairman of Wallis, warned that since the year-end retail business had turned down and the company did not expect to maintain last year's level of profitability.

Confirmation that the group was anxious about general costs came in late October when Wallis announced that it was pulling out of the key unit in the shopping centre under construction over Bond Street tube station. The initial rent on the unit was £450,000 and Wallis is believed to have had to forfeit that sum to obtain permission to withdraw.

The impact of these factors on profits for the year will begin to show through when the interim figures for the period to July 1 are published. These are expected "very shortly," according to S. G. Warburg which is advising Wallis.

The key to any offer for Wallis is the disposition of the Wallis family which owns more than 60 per cent of the ordinary shares. Any bid would, therefore, have to be agreed from the beginning.

An announcement is likely within the next couple of days.

SANDEMAN

A subsidiary of Hill Samuel, an associate of Seagram Company, has purchased 700,000 *Geo. G. Sandeman Sons and Co.* shares at 149.68p average.

NEW BOARD AT PHOENIX MINING

Following the closing of the offer by Mr. A. M. Milne and his associates for the capital of **Phoenix Mining and Finance**, the former board has resigned and has been replaced by Messrs. I. C. Elliott, chairman, W. F. O'Hara, managing director, J. A. Wilkinson, A. M. Milne, R. Brooks and H. F. Cooper.

NO PROBE

The proposed acquisition by **Ocean Cory of Thames and General Lighterage** is not to be referred to the Monopolies Commission.

LAUNDRY BID

Mr. Michael Ashcroft, chairman of **Provincial Laundries**, has told *shareholders of St. George's* **Laundry (Worcester)** that his board "does not agree" with the St. George's board's reasons for rejecting his group's partial offer.

Mr. Ashcroft says his group finds the St. George's case "unconvincing." He adds that the assets employed generated a return of only 1.9 per cent in the six months ending August 31, 1979 at St. George's. The figures are based on an asset revaluation by Provincial. This compares with a 6.6 per cent return by Provincial in respect of the first half of the current year.

Provincial is seeking to acquire up to 29.9 per cent of St. George's and has extended its offer until December 3.

St. George's directors had earlier told shareholders that the commercial strategies of St. George's and Provincial were diametrically opposed.

SHARE STAKES

Laporte Industries—Following the company's recent rights issue Solvay and Cie SA and its nominees, Schroder nominees have accepted provisional allotment of 2,368,797 ordinary. As a result of this and the renunciation by Solvay UK holding company of 625,000 ordinary in favour of Schroder nominees, the holding of Solvay and its subsidiary company in the increased capital of Laporte remains unchanged at 24.99 per cent.

Trident Television—Options to take up "A" Ordinary shares granted to directors as follows: Mr. G. E. Ward Thomas, 100,000; Mr. P. L. Fox, 100,000; Mr. P. S. Paine, 72,000; Mr. A. Leighton Davis, 72,000; Mr. C. W. Leach, 54,000, and Mr. J. P. Graham, 49,500.

J. J. Worthington (Holdings)—Mr. P. M. Worthington has increased his holding—including *family interest*—to 358,000 shares (17.9 per cent).

Oil and Associated Investment Trust—Scottish Equitable Life Assurance Society has acquired 575,000 shares (5.95 per cent). This is total holdings.

Great Northern Investment Trust—Pearl Assurance Company has acquired 150,000 shares, making holding 2,570,000 shares (5.3 per cent).

General and Commercial Investment Trust—London and Manchester Assurance Company has increased its holding to 489,587 shares (9.158 per cent).

Leopold Joseph (Holdings)—London and Manchester Assurance Company is interested in 134,500 Ordinary shares (5.12 per cent).

Plastic Construction—Following directors bought shares on November 15: Mr. H. Aron, 50,000; Mr. J. Myers, 30,000; Mr. R. S. Cook, 5,000; and Mr. P. P. Frings 5,000.

Heywood Williams Group—Prudential Corporation, as result of takeover by Heywood Williams of FPA Construction Group, now holds 484,094 Heywood Williams shares (5.77 per cent), assuming full acceptance of the offer.

INSURANCE BASE RATES

† Property Growth	13½%
† Vanbrugh Guaranteed	14¼%

† Address shown under Insurance and Property Table.

BASE LENDING RATES

A.B.N. Bank	17 %	Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Julian S. Hodge	18 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	London Mercantile	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	17 %	Standard Chartered	17 %
Consolidated Credits	17 %	Trade Dev. Bank	17 %
Co-operative Bank	*17 %	Trustee Savings Bank	17 %
Corinthian Secs.	17 %	Twentieth Century Bk.	18 %
The Cyprus Popular Bk.	17 %	United Bank of Kuwait	17 %
Duncan Lawrie	17 %	Whiteaway Laidlaw	17½%
Eagil Trust	17 %	Williams & Glyn's	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18½%		
■ Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15¾%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
AKZ C F.25	—	—	3	2.70	20	2.20	F.25.50
AKZ C F.27.50	5	0.80	8	1.70	—	—	"
AKZ C F.30	132	0.30	3	0.70	—	—	"
AKZ P F.30	35	0.60	2	0.90	—	—	"
AKZ P F.27.50	10	2	—	—	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HO C F.25	4	0.10	—	—	—	—	[illegible]
KLM C F.70	35	3.50	7	4.30	—	—	F.73
KLM C F.80	105	0.40	7	1.60	1	3	"
KLM P F.70	45	1.80	30	3.40	—	—	"
KLM P F.80	—	—	5	6.80	—	—	"
KLM P F.90	1	15	1	15	—	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.115.80
PET C Fr.5500	1	460	3	385	2	400	Fr.5850
PET C Fr.6000	4	150	—	—	44	3.60	F.21.40
PHI C F.20	300	0.40	10	0.40	25	1.30	"
PHI C F.22.50	—	—	25	0.40	—	—	"
PHI C F.25	5	—	—	—	—	—	$25¾
PRD C $50	—	—	—	—	—	—	"
RD C F.150	115	5.80	53	9.50	5	11.50	F.151.80
RD C F.160	458	1.80	55	4.80	5	5.80	"
RD P F.140	3	0.70	—	—	—	2.20	"
RD P F.145	142	1.90	3	4.50	—	—	"
RD P F.150	26	3.50	15	9	—	—	"
RD P F.160	17	8.50	5	—	—	—	F.113.30
UNI C F.110	5	3.70	54	2.90	—	—	"
UNI C F.120	—	—	8	1.50	—	—	"
UNI C F.125	1	0.20	7	0.70	—	—	"
UNI C F.130	—	—	—	—	—	—	$56⅞
XON C $50	15	6¼	—	—	—	—	"
XRX C $60	65	4¾	66	6¾	—	—	$63
	Feb.		May		Aug.		
SLB C $100	25	4½	—	—	—	—	$97¼
	March		June				
GM C $50	—	—	10	4¼	—	—	$52

TOTAL VOLUME IN CONTRACTS 2069
C=Call P=Put

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Upturn at Canadian banks

BY OUR FINANCIAL STAFF

SIGNIFICANTLY higher earnings are reported for 1979 by the leading Canadian banks, despite a squeeze on domestic margins in the wake of the steady rise in interest rates in North America.

Improved margins in foreign currency operations, together with growth in other operating revenues helped offset domestic developments.

Royal Bank of Canada, largest in the country in terms of assets, lifted net earnings from C$233.9m to C$270.7m (U.S.$231.4m) or from C$6.39 a share to C$7.40. Revenue increased from C$3.39bn to C$5bn, and total assets at C$51.7bn were 26 per cent up.

In the final quarter, earnings increased from C$76m to C$84.1m, or from C$2.03 a share to C$2.30—revenue figures were not given.

Royal Bank said that about C$3.6m was added to pre-tax profits for the year by consolidation of the UK subsidiaries Royal Bank of Canada (London), Royal Bank of Canada *Holdings* (UK) and Western Trust and Savings, and also of the German subsidiary Burgardt und Nottebohm Bank AG.

Bank of Montreal announced an increase in balance of revenues from C$80.1m to C$84.1m (US$ 54.1m) in the final quarter, with share earnings slipping from C$1.35 to C$1.32 as a consequence of the rise in shares outstanding from *43.2m* to 48.5m. Revenues of C$1.01bn compared with C$706.8m.

For the year as a whole, the bank has pushed up the balance *of revenues from* C$193.5m to C$228.7m, with share earnings at C$4.72 against C$4.48. Revenues are C$3.61bn against C$2.41bn. Assets have risen from C$32m to C$38.1m.

Toronto-Dominion Bank, with assets last year of C$16.7m *reported an increase in net* earnings from C$85.2m (U.S.$72.82m) to C$106.4m or from C$2.24 to C$2.80 a share, after appropriation for losses of *C$54m against C$44m last time*, and taxes of C$26.8m against C$55.6m. Revenues at C$2.7bn, increased from C$1.85bn.

Mr. Richard Thomson, the chairman, commented that the results had been helped by good expense control as well as by improved margins in overseas currency operations.

Record first quarter income at Litton

By Ian Hargreaves in New York

LITTON INDUSTRIES, the Californian engineering and electronics conglomerate, has produced record first quarter net income of $50.8m on sales of $953m. This represents a 72 per cent earnings increase on the same period last year, when earnings were hit by a $20m loss on currency factors.

In the latest period there was a positive currency adjustment of $4.7m, reflecting a more advantageous position for the U.S. dollar and a reduction in the company's debt in European currencies from $175m last year to $100m.

Mr. Joseph Casey, Litton's executive vice-president for finance, said that the company was performing strongly in three key areas—its shipyard, its machine tool division and its advanced electronic systems, especially those which related to oil exploration.

Mr. Casey said the outlook was strong for all sections of the company's business. The machine tool order book was growing rapidly and the shipyard was operating profitably on cost-plus-margin contracts.

Earnings growth quickens at Carter Hawley Hale

BY OUR FINANCIAL STAFF

HIGHER third-quarter and nine-month profits are announced by Carter Hawley Hale Stores, a leading Western U.S. department store operator.

Third-quarter earnings rose 18.8 per cent, from last year's comparative $10.24m or 39 cents a share, to $12.17m or 45 cents a share. Sales were 17 per cent higher at $583.4m.

Net earnings after nine months were up 14 per cent from $23.49m or 87 cents a share to $26.79m or 97 cents a share on sales 18.8 per cent higher at $1.58bn.

Mr. Philip M. Hawley, president, says the next several months will not be easy ones for the retail industry because of the uncertain economic environment.

The company was hopeful that the momentum in the fiscal third quarter's income would continue into the Christmas selling season.

Indications for the full Christmas season are favourable but Mr. Hawley noted that business seems to come a little later each year and Christmas results will not be certain until the end of December. He said the fourth quarter of 1979 and at least the first half of 1980 will be challenging for the retail industry and for Carter Hawley Hale.

The company has prepared its operating strategies for a slow-down in consumer spending and is developing financial and inventory plans slightly below its expected rate of sales increase.

Mr. Hawley added that the company intends to review dividends in April each year and expects payments to remain in the 35 to 40 per cent range. The group currently pays 27½ cents a share quarterly.

The company plans capital expenditures of about $600m over the next five years with $375m for new stores and $225m for modernisation and point-of-sale equipment.

Pitney Bowes sees net gain of 19%

By Our Financial Staff

PITNEY BOWES, the business equipment group, expects its 1979 profit growth to be roughly comparable to the 19 per cent rise in per-share earnings to $3.32 reported for last year, Mr. Fred T. Allen said in London.

At the European institutional investor conference he said that the company's five-year strategy to 1983, allowing for new products and the recent acquisition of Dictaphone calls for compound annual sales growth exceeding 15 per cent *from the 1978 base of $711m*, while earnings growth is seen at a "somewhat higher" rate.

The company's return on equity, after declining slightly this year due to the Dictaphone merger, should rise quickly and remain above 20 per cent.

Mr. Allen said that results in 1980 will benefit from the consolidation of Dictaphone for 12 months as opposed to eight months this year, and also from new mailing equipment, copier and other products, in addition some price increases and new worldwide marketing programmes.

Earnings should also benefit from some easing of the pressure on profit margins caused by an unusually high new product development and introduction costs incurred in 1979, he said.

New products include a remote postage meter resetting system, which can be reset by telephone rather than by taking the machine to a Post Office, and also a range of electronic mailing scales.

FTC curbs boost Formica

BY DAVID LASCELLES IN NEW YORK

U.S. COMPANIES reacted optimistically yesterday to passage *in the House of Representatives* of a Bill to restrict the powers of the Federal Trade Commission (FTC), particularly the denial of the FTC's powers to cancel a trade mark on the grounds that it had become generic.

The vote was specially good news for Cyanamid, the chemical company whose Formica brand name was last year challenged by the FTC. Although this is the only such case so far launched by the FTC, it was seen as a disturbing precedent by companies whose products have become household names.

A spokesman for Cyanamid said yesterday that the company was deeply satisfied by the vote, but would withhold full comment until the FTC Bill had become law.

The FTC filed a petition with the Trademark Trial and Appeals Board in May last year. The thrust of its case was that Formica had become a generic or descriptive name for all decorative plastic laminates, and that all makers of plastic laminates should therefore be able to use it.

Formica launched a vigorous counterattack, claiming among other things that the FTC did not have the authority over trade mark alike Formica which were registered before current legislation was enshrined in the 1946 Lanham Act. However, the Supreme Court declined to review the question of the FTC's authority until the whole case had been heard in the lower courts.

Formica did not confine its offensive to the courts. It bombarded influential figures with material about the case, and even petitioned President Carter. Judging by the strength of the House vote on Tuesday, it won considerable sympathy for its position.

Among the arguments marshalled by Formica was the claim that while it had about 40 per cent of the U.S. plastic laminates market, no competitor had ever complained about the brand name. It also characterised the FTC claim as an alternative to traditional anti-trust litigation.

$22m write-off for St. Joe Minerals

NEW YORK—St. Joe Minerals said that its St. Joe Zinc subsidiary decided to close permanently its zinc smelter in Monaca, Pennsylvania, and will take a fourth quarter write-down of about $22m or 98 cents a share.

The mineral extraction and processing group said, however, that the net impact of the write-off "may have be ameliorated by various year-end adjustments."

St. Joe said that the zinc smelter will be permanently closed at the end of this year. Its Balmat-Edwards zinc mines, located in St. Lawrence County, New York, will, however, continue operations.

St. Joe said that closure of the Monaca facility is expected to reduced significantly the cash drain and operating losses from its zinc business in 1980.

Losses had been expected to reach about $10m after taxes next year. The zinc operations also incurred losses in 1978 and will also operate at a loss this year.

Pending the design and completion of a proposed new electrolytic zinc refinery, St. Joe said that it will satisfy the slab zinc requirements of its *customers with tolled metal* produced from zinc concentrates and, to the extent necessary, with metal purchased for the purpose.

St. Joe also said that it will no longer sell zinc oxide or zinc dust.

Reuter

Energy group stays on target

BY OUR FINANCIAL STAFF

"SIGNIFICANTLY better" earnings remains the forecast for 1979 from Northern Natural Gas, the Nebraska-based energy company which is widely involved in natural gas distribution in the U.S. Predictions by Wall Street analysts of share earnings of $6.75 for the year, *against $6.15, are within the* board's expectations, said Mr. W. A. Strauss, the chairman.

Capital expenditure of $375m is already planned for this year by the group, whose earnings are split 66 per cent from natural gas operations, 24 per cent liquid fuels and 6 per cent petrochemicals, with the rest coming from nominal business in coal and general exploration.

This level of capital expenditure is likely to continue for the next few years. Long-term debt will be at 36 per cent of total funds at the year-end, and this level, which compares with around 35 per cent to 40 per cent for the industry as a whole, is likely to be maintained.

Overall profitability has benefited this year from a general decline in customer stockpiles, from a favourable balance in supply and demand inside the U.S., where about 95 per cent of the group profits originates, and from higher price levels.

A major source of expansion is seen in the petrochemicals division towards motor industry products. This is expected to be in the form of plastic components to the car manufacturers, an area which has considerable growth prospects, says the company.

Mr. Strauss remains confident of achieving forecasts despite the prospect of a recession in the U.S. in 1980, a development which he says will not hurt Northern Natural's earnings which are essentially low cost based.

Raw material costs hit Maryland Cup

OWINGS MILLS — Maryland Cup, largest producer of disposable food and drinks containers in the U.S. said in reporting improved fourth quarter sales and net income that pre-tax profit for the quarter fell to $13.5m from $13.8m and for the year declined to $34.2m from $35.9m in fiscal 1978.

The lower results were attributed to a large increase in raw materials costs and a lag in recovering the added costs through price increases. Results were also affected by higher interest rates and the cost of carrying high inventories of *finished goods*. Inventories have been reduced by $4.5m since the year-end.

However, Maryland said business has been "brisk" in the early part of fiscal 1980 and early indications are that the momentum which began to build in the fourth quarter is continuing into the new year.

Assuming reasonably stable economic conditions Maryland reckons that 1980 should be a good year for the group.

Reuter

Arco plant closure to cost net $50m

LOS ANGELES — Atlantic Richfield (Arco), the oil and copper group, states that it will take a writedown on a joint venture plant that will have an unfavourable effect of around $50m on after-tax earnings in 1979.

Oxirane Chemical, a joint venture of Arco and Halcon International, is to shut down its ethylene glycol plant at *Channelview, Texas*, because of unsatisfactory plant performance. Arco said Oxirane Chemical is exploring alternative uses for the plant if reactivation of ethylene glycol production does not appear feasible.

Reuter

EUROBONDS

Varied interest issue for ECSC

BY FRANCIS GHILES

A $100M graduated interest rate bond has been arranged for the European Coal and Steel Community (ECSC) by Societe Generale. This sevn-year issue offers investors a coupon of 12 per cent for the first year. The interest rate then drops by ¼ per cent every year until it reaches 10½ per cent during the last year of the bond's life.

Graduated interest rateb onds have been arranged on two occasions in the course of the last 12 months, both for the same borrower. *However, on* both offerings, which were arranged by S. G. Warburg, the interest rate initially indicated dropped once only during the life of the bond. The latest bond offers a refinement of this technique. It has been priced at 97½ per cent to yield 12.29 per cent during the first year.

Secondary market activity in the dollar sector was below the levels reached on Monday and Tuesday. Prices of straight dollar bonds ended the day on a mixed note. Demand for some of the new issues remains good however. This is particularly true of the shorter tranche amounting to $150m of the latest Yankee bond offering for Sweden, which was priced at 99.9 on Tuesday but was trading at 100⅛-100⅜ yesterday.

The $60m *floating rate* note for Allied Irish Banks has been postponed pending a solution to the Irish bank dispute.

Meanwhile, investor interest appeared to have moved back to gold yesterday with buying orders from the Middle East very prominent.

Recent foreign Deutsche-Mark foreign bonds were a fraction easier yesterday as some profit taking developed in the wake of the sharp rises of recent days. Demand for D-Mark paper remains strong, however, and the Bundesbank had to sell DM38m worth of paper in the domestic market to satisfy investor appetite.

Prices of Swiss franc bonds are still declining though the volume of trading remains thin. Credit Suisse has launched a SwFr 100m ten-year public offering for Electricité de France which includes an indicated coupon of 5¼ per cent and a price of 99½. Meanwhile, *Handelsbank has arranged a* convertible for Dantani Plywood which includes a coupon of 5⅛ per cent for five years.

Prices of guilder-denominated bonds remain firm. A new issue has been completed for Ennia, the large Dutch insurance company, by Amsterdam Rotterdam Bank. The borrower is paying a coupon of 9⅞ per cent for these bonds which mature in 1986.

Kredietbank International Group, meanwhile, is arranging a UA 40m 15-year issue for Province of Quebec which includes a coupon of 9¼ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. *For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.* Closing prices on November 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	90¾	91¼	0	+2⅝	11.58
Alex Howden XW 9½ 91	30	77	79	0	0	13.31
Australian Res. 9⅝ 84	30	92⅝	93¼	+0⅛	+1⅜	11.62
Avco O/S Cap. 10⅛ 87	40	†84	84½	−0½	−0⅛	13.72
Beneficial Fin. 9¾ 87	100	91¼	91⅝	−0⅛	+1⅜	11.48
[illegible] 10⅜ 91	150	87¼	87⅝	−0⅛	+0⅛	11.51
[illegible] 9¼ 93	125	81¼	81¾	+0⅛	+1	12.63
Canadian Pacific 9¾ 89	50	90¼	90⅝	+0½	+1½	11.42
Carter Hawley 9¾ 86	50	90⅝	91⅛	0	+1⅞	11.79
Cominco Inv. F. 10⅛ 91	40	90⅞	91⅜	0	+2⅝	11.66
Continental Grp. 9⅝ 86	100	91⅛	91⅜	−0⅛	+1½	11.51
Dome Petroleum 10 94	50	88⅛	88⅝	−0⅛	+1⅞	11.66
Dominion Bridge 10⅛ 84	30	94⅝	95⅛	0	+2⅝	11.69
Dow Chem. O/S 9⅝ 94	200	88⅞	88⅝	−0⅛	+1⅞	11.29
EIB 9⅞ 87	150	†92⅝	93⅛	+1	+2	11.66
EIB 10 99	150	†88⅜	89⅛	+0⅛	+1⅜	11.74
EIB 10½ 87	100	92⅝	93⅛	+0⅛	+1	11.90
EIB 10.15 99	100	89⅞	90⅛	+0⅛	+2⅛	11.73
Export Dv. Cpn. 9⅛ 84	100	92½	92⅞	+0⅛	+1⅜	11.51
Export Dv. Cpn. 9⅜ 84	150	93⅜	93⅞	0	+1⅛	11.02
Finland 9⅜ 89	100	87⅛	87⅝	−0⅛	+0⅛	12.19
GTE Finance 9½ 84	50	93⅜	93⅞	−0⅛	+1⅛	11.44
GTE Finance 9¾ 89	55	89⅜	89⅞	−0⅛	+2	11.62
GMAC 9⅛ 86	100	91	91½	−0⅛	+1⅞	11.18
Gould Int. Fin. 9¾ 85	50	93½	93⅞	0	+1⅜	11.47
Hudson Bay Co. 10 94	50	91⅛	91⅝	−0⅛	+1⅛	11.28
ITT Antilles 9½ 89	75	87⅛	88⅛	+1⅛	+1⅜	11.64
Kennecott Int. 9½ 86	100	88⅜	88⅞	−0⅛	+1⅞	12.11
Manitoba 9½ 99	75	88⅞	89⅜	+0⅛	+1⅜	11.44
Michelin 10 94	125	88⅜	88⅞	+1⅛	+2⅛	11.63
Nat. Des. Telecm. 9½ 86	100	91½	92	+0⅛	+1⅞	11.32
New Brunswick 9¾ 94	75	87½	88	+1	+2⅛	11.52
Newfoundland 10 94	50	90⅞	91⅜	+0⅛	+2	11.26
Norges Komm. 9⅞ 99	100	87	87½	−0⅛	0	11.85
Norway 9½ 84	150	93	93½	+0⅛	+1⅜	11.49
Nova Scotia Pwr. 9⅜ 89	50	89½	90	0	+1⅛	11.56
Occidental Fin. 10⅛ 84	50	94⅝	95⅛	+0⅛	+1⅜	11.70
Orient Leasing 9½ 86	25	88⅛	88⅝	−0⅛	+0½	12.10
Pennwalt O/S F. 9¾ 84	25	93⅜	93⅞	+0⅛	+1⅛	11.88
Pepsico Cap. 9⅛ 84	100	93½	94	+0½	+1½	11.14
Quebec Hydro 10 99	75	88⅞	89⅜	0	+0⅛	11.39
Sears Roebuck 9 82	150	94½	95	+0⅛	+1⅛	11.78
Statoil 9⅜ 89	100	89½	90	−0⅛	+1	11.41
Sweden 9⅜ 89	100	89⅜	89⅞	+0½	+1½	11.62
Sweden 9½ 86	200	91⅜	92⅜	+1⅛	+1⅞	11.61
Sweden 9¾ 84	100	93⅜	93⅞	0	+0⅞	11.56
Unilever NV 9⅛ 87	100	90⅛	90⅝	0	+1⅞	11.17
Warner-Lambert 9 84	100	92⅞	93⅜	+0⅛	+1⅛	10.96

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	98⅞	98⅞	0	+0⅛	8.26
Argentina 7½ 89	150	93½	94⅛	+0⅛	+1⅛	8.46
Asian Dev. Bk. 7⅛ 89	100	94	94⅜	+0⅛	+1⅜	8.10
Banco Desarrollo 7⅛ 86	100	94½	95⅛	+0⅛	+1⅜	8.32
Barclays O'seas 6⅞ 89	100	92⅛	93⅛	0	+1	7.88
Brazil 8 87	150	97⅜	98⅜	−0⅛	+0⅛	8.35
CECA 7 91	150	94⅛	94⅞	+0⅛	+1⅜	7.74
Council of Eur. 7⅛ 89	100	96½	97⅛	−0⅛	+0⅛	7.72
Denmark 6½ 89	100	†88	88½	+0⅛	+1	8.38
EEC 7⅞ 94	225	98⅜	98⅞	+0⅛	+1⅛	8.06
EIB 7½ 89	200	99⅜	100	0	+1⅜	7.55
Eletrobras-Brazil 7 87	100	92½	93⅛	−0⅛	+1⅛	8.35
Eurofima 6½ 89	100	96⅜	96⅞	+0⅛	+1	7.03
Kobe, City of 7⅛ 89	150	97	97½	+0⅛	+0⅛	7.53
Mitsubishi Chem. 6½ 84	70	95½	96⅛	0	+0⅛	7.62
New Zealand 7⅛ 87	200	97	97⅛	−0⅛	+0½	7.58
Nippon Kokan 6½ 84	100	94⅜	95½	−0⅛	+0⅞	7.85
Nippon Tel. & T. 5½ 87	100	87⅞	88⅛	+0⅛	+1⅛	7.69
Norges Komm. 7⅜ 91	150	100⅛	101⅛	−0⅛	+1⅜	7.66
Norway 6⅛ 84	200	97⅛	97⅞	+0½	+1½	6.92
OKB 6 87	40	89½	90½	+1	+2⅛	7.87
OKB 7⅜ 89	100	96½	97	−0⅛	+1⅜	7.86
Tokyo Elec. Pwr. 6½ 85	200	96	96⅛	+0⅛	+2⅛	7.32
World Bank 7⅛ 91	400	98⅜	99⅛	+0⅛	+1½	7.88

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 88	80	96⅞	97⅛	+0⅛	−1⅛	5.90
Aumar 5 89	60	92	92⅛	−2½	−3⅛	6.10
Australia 3⅜ 89	250	91⅞	92⅛	−0⅛	−0⅛	4.70
Bergen, City of 4⅜ 91	40	95⅜	95⅞	−0⅛	−2⅛	5.24
BNDE 5 89	75	89	89½	0	−1½	6.53
BMW Overseas 4⅛ 91	100	95½	95⅜	−0⅛	−1½	4.74
Caisse Nat. Tele. 4⅜ 89	100	97⅛	97½	+0⅛	−1⅛	4.72
Canada 3⅝ 89	300	92	92⅛	−0⅛	−0⅛	4.69
Copenhagen 4½ 91	60	95⅜	96⅛	+0½	−0⅛	4.95
Council of Eur. 5 89	100	93⅜	93⅞	−0⅛	−2⅞	5.25
EIB 4½ 91	100	93⅜	93⅞	−0⅛	+2⅞	5.25
EIB 4¼ 94	100	89⅛	90⅛	+0⅛	−1½	5.37
Elet. de France 4⅜ 89	100	96⅞	97⅛	+0⅛	−1⅜	4.77
GZB 4⅜ 89	100	91½	91⅛	+0⅛	−2½	5.41
Hilti 4½ 91	35	98	98½	+0⅛	−0⅞	4.44
ICI Fin. NV 3½ 94	230	81	81⅛	0	−5⅛	5.43
Int.-Amer. Dev. 4½ 89	100	92½	92⅞	−0⅛	−1⅞	5.50
Malaysia 5 89	80	90½	90⅜	+0½	−1⅜	6.30
Nippon Tel. & T. 4⅜ 89	100	95⅞	96⅛	−0⅛	−2⅛	4.77
Nordic Bank 5 89	45	97	98	−0⅞	−3	5.33
Norges Komm. 4⅜ 91	100	92½	93	+0⅛	−1½	5.21
OKB 3¾ 91	100	83⅛	84	+0½	−2½	5.76
OKB 4⅜ 91	100	90⅜	91	+0⅛	−1⅜	5.44
Oslo, City of 4⅜ 91	100	90⅞	91⅜	+0⅛	−2⅛	5.40
Shikoku El. Pwr. 4⅜ 89	100	98	98⅛	+0⅛	−0⅛	4.98
Spain 4 91	100	91½	91⅜	−0⅛	−1	4.99
Steweag 4⅞ 91	60	97⅛	97⅞	−0⅛	−2⅛	5.01
Voest-Alpine 4⅞ 89	90	99⅛	99½	0	−0⅛	4.83
World Bank 4⅝ 89	100	97⅛	97½	+0⅛	−1½	4.97
World Bank 4⅛ 89	150	93	93½	+0⅛	−2⅛	5.27
World Bank 4⅝ 91	100	93⅛	93⅜	−0⅛	−1⅜	5.41

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	87⅜	88⅛	0	−1	9.50
Australia 6½ 88	20	84⅜	85⅛	−0⅛	−0½	9.18
EIB 7⅛ 89	12	97½	98⅛	0	−0⅛	8.06
Finland 5.6 83	10	87⅜	88⅛	−0⅛	−0⅛	9.45
Finland 6.8 88	10	87⅜	88⅛	0	+0⅛	8.96

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅛ 86 C$	25	88⅜	89⅛	+0⅛	+0⅛	12.85
Bell Canada 10⅜ 86 C$	60	94	94½	+1⅛	+1⅞	12.01
Cr. Foncier 10⅜ 84 C$	30	90⅛	90⅜	+0⅛	+1⅛	13.18
Ex. Dev. Cpn. 10 84 C$	50	91½	92	−0⅛	+0½	12.48
Fst. Can. Inv. 10 84 C$	50	91⅜	91⅞	+0⅛	+0⅛	12.52
Hudson Bay 10½ 89 C$	60	90½	91	+0⅛	+1	12.18
Quebec 10¼ 86 C$	50	90⅝	91⅛	+0½	+1½	12.40
R. Bk. Canada 10 86 C$	40	90⅛	90⅝	+0½	+1⅛	12.14
R. Bk. Canada 10 94 C$	40	84⅞	85⅞	+0⅛	+0⅛	12.24
Copenhagen 8¾ 91 EUA	25	94½	95⅛	0	0	8.97
Copenhagen 8⅜ 91 EUA	20	99⅞	101½	0	−0⅛	8.67
SOFTE 8¾ 89 EUA	40	90⅝	91⅞	0	−0⅛	9.70
Algemene Bk. 8¾ 84 Fl	75	97	97½	+0⅛	+0½	8.97
Amev 8½ 86 Fl	75	97½	98	+0½	+0⅛	8.94
Ned Middbk. 8¾ 84 Fl	75	96⅛	96⅝	+0⅛	0	9.24
Norway 8¾ 84 Fl	100	95⅛	95⅝	−0⅛	−0⅛	9.55
Norway 8¾ 84 Fl	100	96⅛	96⅞	0	0	9.13
Rabobank 9 84 Fl	25	100	100½	+0⅛	−0⅛	8.93
Air France 11 84 FFr	120	98⅛	98⅝	+0⅛	+0⅛	11.32
Euratom 9⅞ 87 FFr	150	85⅝	86⅞	+0⅛	+0⅛	12.72
Finland 11 84 FFr	80	96½	96⅝	−0⅛	−1⅛	12.15
Finland 11½ 89 FFr	70	94⅝	95⅛	−0⅛	−1⅛	12.39
Gaz de France 11 84 FFr	150	96⅞	97⅛	−0⅛	−0⅛	11.83
Norway 9¾ 84 FFr	200	89½	90½	0	0	12.40
PSA Peugeot 9¾ 87 FFr	175	85½	86	−0⅛	+0½	12.89
Renault 9¾ 85 FFr	100	88⅞	89⅛	0	+0⅛	12.56
Saint-Gobain 9¾ 86 FFr	130	85⅞	86⅝	−0⅛	+0⅞	12.98
Solvay et Cie 9¾ 87 FFr	125	85⅛	85½	+0⅛	+0⅛	12.76
Total Oil 9¾ 87 FFr	150	83½	84⅛	−0⅛	+0⅛	12.89
Citicorp 10 93 £	20	83½	84⅛	+0⅛	+0⅛	12.53
EIB 9¾ 88 £	25	80⅛	80⅝	+1⅛	+2⅛	13.85
EIB 11½ 91 £	25	84⅛	85½	+1	+1⅞	14.15
Finance for Ind. 13 91 £	15	94⅜	94⅞	+3	+3⅞	13.96
Fin. for Ind. 12½ 89 £	30	89⅞	90⅜	+0⅛	+0⅛	14.42
Gen. Elec. Co. 12½ 89 £	50	91⅝	92⅞	+1⅛	+1⅞	14.09
Indonesia 8⅜ 91 KD	7	†93½	94	0	−0⅛	9.65
Mitsubishi 7½ 84 KD	10	†95⅛	95⅝	0	0	8.69
Norges Kom. 7¾ 89 KD	12	†93½	94	+0⅛	+0⅛	8.47
Occidental 8½ 91 KD	7	†91½	92	0	−0⅛	9.46
Akzo 9⅛ 87 LuxFr	500	95⅞	96⅞	0	−0⅛	9.93
Euratom 8 87 LuxFr	500	90⅜	91⅛	0	−0⅛	9.79
Norges Kom. 8 86 LuxFr	500	90⅛	92	0	+0⅛	9.75
Oslo, City of 8 89 LuxFr	500	90⅛	91⅛	0	0	9.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0¼	99⅞	100⅛	26/4	15⅝	15.73
Banco Prov. BA 7¼ 86	0⅛	97⅞	98⅛	12/12	11	11.21
Banco Urquijo 6 86	0⅛	97⅜	97⅞	21/3	13⅝	13.72
Bank of Ireland 5⅞ 89	0⅛	97⅜	98⅛	21/2	15.69	16.03
Bank of Tokyo 5⅝ 89	0⅛	98⅛	98⅜	25/1	16.19	16.42
Bergen Bk. A/S 6 89	0⅛	96⅞	97⅛	29/2	14.31	14.74
Bque. Indo Suez 5⅛ 89	0⅛	98⅞	99⅛	11/1	11	11.18
BNP 5½ 91	0⅛	97	97½	22/2	11.94	12.28
Citicorp O/S F. 5 94	0⅛	99⅛	99⅜	6/12	12.81	12.88
Citicorp O/S 87	0⅛	99½	100	23/2	15⅝	15.16
Co-operative Bk. 6 86	0⅛	98	98½	15/5	15.06	15.33
Creditanstalt 5½ 91	0⅛	98⅛	98⅜	14/12	12.94	13.15
CNT 5⅝ 86	[illegible]	[illegible]	[illegible]	16/4	15.19	[illegible]
GZB 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jugobanka 8 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mfrs. Han. O/S [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Cred. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bk. Scot. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. C. de Bque. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sogenal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden [illegible] 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TVO Pwr. 9 91 (D-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Overseas Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Williams & Glyn [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alco Int. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon [illegible] 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daiei Inc. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Esselte [illegible] 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LPC International [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Meidensha Elec. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cp. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Seiko [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nitto Elec. Ind. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cpn. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. 4[illegible] 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. 3½ 87 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyu Ld. Cp. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

AFRICAN DEVELOPMENT BANK

Looking to wider horizons

BY FRANCIS GHILES

THE African Development Bank (ADB) is 15 years old this month. Its 48 members can look back on a great deal of hard work and solid achievement. The future looks even more promising, if the decision taken by the bank's board of governors at its annual meeting last May to quadruple the authorised capital to $6.3bn and to throw the membership open to 21 non-African states is ratified before the end of 1980 by a majority of the existing members.

Getting the agreement of all African countries, however, will not be an easy task: a number of existing members have expressed reservations about an "intrusion of the West" which, they fear, could colour the bank's lending policies. They claim that organisations linked to the West risk acting as watchdogs of western interests.

Such, in particular, is the attitude of Algeria and Libya, although this has to be seen in the context of the highly nationalistic foreign policy of both countries. The ADB's poorer members point out that one of the bank's central problems, since its inception, has been shortage of resources. Last year it disbursed only $200m, just over one-tenth of what the Inter American Bank was able to lend. The proposed increase in capital is crucial to ADB if its hopes of lending $4.5bn in 1982-85 are to be realised.

Fresh capital is precisely what the new members—which would include most OECD countries and others such as Kuwait—would be in a position to offer. The arguments of some of the members who oppose the increase in capital appear to the poorer African states a trifle disingenuous: Algeria and Libya are wealthy oil exporters in their own right. Algeria in particular has access to the international capital markets where it has raised large sums of money in recent years, using it to finance its ambitious economic development plans.

Many African countries are poor and have no recourse to commercial borrowing in the West. Furthermore, the special funds launched in recent years, not least those backed by oil producers have not proved sufficient.

Until now, ADB has set itself apart from other regional development banks, in South America and Asia, by excluding countries which did not belong to the same continent as its shareholders.

The limits of self-help are however keenly felt, especially by the poorer members. This is all the more true because Africa contains more of the world's poorest countries than any other continent in the world.

The proposed increase in membership capital has enabled the ADB in recent months to tap the Eurocredit market on increasingly favourable terms. Only last month it signed a $150m 12-year loan which carried a margin over the interbank rate of ¾ per cent for the first four years rising to ⅞ per cent. The lead manager was, as in most previous Eurocredits, Chase Manhattan.

The ADB has also raised Deutsche Mark denominated foreign bonds and could hope to tap the dollar bond market, like the other two regional development banks, the Asian Development Bank and the Inter American Development Bank.

It has borrowed $675m to date on the international capital markets: if the changes in membership and capital are approved, it could step up this borrowing rapidly.

The arguments over the changes have pushed to one side those centering on the bank's ex-president, Mr. Kwame Fordwor, a Ghanaian, who was sacked last June on charges of various malpractices. The new president, an interim appointee, is Mr. Goodall Gondwe, of Malawi.

Recently, in London, he underlined some of the bank's achievements over the past year or two and expressed confidence that the widening of the bank's membership would be ratified.

The African Development Bank has made steady progress since it was founded 15 years ago. It is now proposing to open its membership to non-African states and quadruple its authorised capital. If the existing members approve the move, the bank is certain to have a much wider and more important role in the future

The geographical spread of the loans made by ADB in particular has changed. In the early sixties, the bulk of lending went to East and North African countries: between them the two areas accounted for 85 per cent of receipts, essentially it seems because they were better equipped to present ready worked-out projects worth financing. Their share of receipts had fallen to a more equitable 41.4 per cent last year.

Conversely, the poorer Central African area last year received 27.8 per cent of the loans, a far cry from the nominal 4 per cent it got in 1971.

As for sectoral distribution, the public utility projects have attracted the lion's share of funds so far but that share is now falling: the great beneficiary has been the agricultural sector which claimed 22.2 per cent of receipts last year, a near three-fold increase on the figure for 1975.

Earlier this decade, one of the governors described the state of ADB as "better than ever before—but still far from good." Today it is clear that the increase in capital would work wonders where the ADB's activity is concerned.

Although Mr. Gondwe claims that the ADB could develop its advisory activities, such an attempt would seem to be something of a long shot, especially where tying up with the IMF is concerned. To take but the case of Zaire today, there are probably enough cooks round the broth already. The bitterness of African politics would appear to rule out any chance of the ADB developing its activities in this area.

German insurer moves ahead

BY GUY HAWTIN IN FRANKFURT

ONE OF West Germany's leading insurance concerns, Bayerische Rueckversicherung, yesterday reported a DM 28m ($16.1m) loss on its reinsurance business for 1978. Net profits on its total operations, however, went up by just under 24 per cent.

Dr. Peter Frey, the chief executive, said that on the reinsurance side, actuarial losses had more than doubled in comparison with 1977. Provision for potential losses has already been made on the credit insurance side, the bulk of which arises from the group's liabilities acruing from the collapse of Beton-und Monierbau, the large construction group which went to the wall earlier this year.

Dr. Frey said that almost half of the actuarial losses—some DM 13.2m—came as a result of allocations to reserves to cover possible future losses.

However, he believes that 1979 will bring an improvement in reinsurance business. Premium income is expected to show a real growth of 5 per cent.

In 1978, premium income rose by a gross 9.7 per cent to over DM 913m ($524.7m), with growth led by overseas business. Foreign business last year accounted for 32 per cent of total income.

Net profits increased from DM 9.7m in 1977 to DM 12m. After the allocation of DM 6m to reserves, against DM 4.5m in the previous year, the group is proposing an unchanged 15 per cent dividend, despite an increase in its nominal capital from DM 30m to DM 40m during the period under review.

Another large West German insurance concern, Nordstern Allgemeine Versicherung, which is based in Cologne, has also reported improved business in 1979, although it says that claims have increased in comparison with 1978. During the first three-quarters of the year, premium income has risen by 10.3 per cent in comparison with the same period of 1978 to DM 554m.

Meanwhile, there is good news for West Germany's motorists, who labour under the burden of comparatively heavy *insurance premiums. Two major* insurance companies have been given the go-ahead by the Federal Supervisory Office to cut their rates for 1980.

Allianz Versicherung and its subsidiaries have been permitted to drop certain premiums by between 2.8 and 10 per cent, *and Mecklenburgische Versich*erungsgesellschaft has been given permission to cut its car insurance premiums by between 1.2 per cent and 4.5 per cent.

Zurich bank withdraws domestic bond

ZURICH—The Cantonal Bank of Zurich has withdrawn a SwFr 60m ($36m) 4.25 per cent 10-year bond due to be floated between December 3 and December 7, as a sharp rise in short-term interest rates caused a stir in the Swiss capital market.

The decision by leading Swiss banks to raise time deposits yesterday to the highest levels for four years would have necessitated an increase in the coupon to at least 4.5 per cent, the Cantonal Bank said.

Even at 4.5 per cent, the success of the issue would still not have been assured, the bank said, since the sharp rise in short-term interest rates has compounded uncertainty on the capital market.

A coupon of 4.25 per cent is no longer sufficient for first-rate Cantonal issues, said the bank. Only seven weeks ago, such issues were floated with coupons of 3.75 per cent, and at the beginning of this year the rate was 2.75 per cent, the lowest since World War II.

The capital market feels that there is little prospect of a decline in Swiss inflation in the next few months from the current rate of about 5 per cent.

The major banks' increase of time deposit rates by 0.75 per cent across the board was surprisingly drastic, the Cantonal Bank said. The move has created a further imbalance in the Swiss interest rate structure. The 3.25 per cent interest rate on banks' medium-term notes of three to four years' maturity is now ½ per cent lower than one-month Eurofranc money, and 1 per cent lower *than one-year time deposit* funds.

Foreign exchange dealers said that they believed the Swiss National Bank is deliberately making end-month funds expensive in order to force up short-term interest rates and thus strengthen the franc.

The key D-Mark rate against the Swiss franc has risen to over 94 centimes recently, its highest since May, 1978. This could increase Swiss inflation by making imports from Germany, Switzerland's main trading partner, more expensive.

However, some bankers said that the banks may have deliberately raised time deposit rates sharply in order to pressure the National Bank into allowing rises in medium-term and savings deposit rates.

Although the National Bank indicated earlier this month that monetary policy was being tightened somewhat, it has, at least until recently, been pressing the banks to put off any *medium-term note or savings* interest rate increases until next year, the bankers said.

Reuter.

Routière Colas seeks U.S. acquisition

BY TERRY DODSWORTH IN PARIS

THE FRENCH bitumen and roadworks company, La Routière Colas, is aiming to move into the U.S. with a $15m acquisition of the highway materials and construction division of Allied Chemical.

If the takeover is successful, the French company is proposing to create a new affiliate under the name of Barrett Paving Materials, with an annual turn-over of about $50m.

The move forms part of an aggressive programme of overseas development at Routière Colas, which is expected to attain about 41 per cent of its turnover in overseas markets this year.

*The group has been well-*established for many years in Canada and Nigeria, and more recently has moved into the Gulf states, Venezuela, central America and the Caribbean. Further expansion efforts are being made in Africa, Asia and South America.

The group's activity overseas is expected to increase again next year, when it is forecasting a total turnover of about FFr 5bn ($1.2bn). For 1979, its *sales are expected to be about 11* per cent up on last year to reach FFr 4.25bn, while profits should increase from about FFr 67.5m to FFr 70m.

Investments are running at about FFr 220m for the year

Funding plan for Salzgitter

By Our Financial Staff

THE WEST GERMAN Government has authorised a DM 250m capital increase for its 100 per *cent-owned steel, shipbuilding* and energy company, Salzgitter. The company's capital currently stands at DM 425m.

The operation, which was authorised by the state-owned corporations subcommittee of the parliamentary budget committee, is to take place in three stages. Salzgitter's capital will be raised by DM 90m in 1980, by DM 100m in 1981, and by a further DM 60m in 1982, according to Herr Manfred Carstens, chairman of the subcommittee.

The move follows closely on the news that Salzgitter had fulfilled its forecasts and returned to a break-even position in the *financial year 1978/79. Its suc*cess was attributed to the light economic upswing, coupled with the effects of the Davignon Plan.

Montefibre estimates cash needs at $316m

ROME—Montefibre, the loss-making fibres subsidiary of the Italian chemical concern Montedison, will need L260bn *($316m) in new cash between* now and the end of 1982 under a restructuring plan for which it is seeking bank and government approval.

Montefibre believes that it could reach financial balance in 1981 or 1982 if the plan comes into effect, providing also that its fibres plant at Acerra, near *Naples, is completed and that* there is an improvement in group productivity.

The plan provides for the injection of L200bn to reconstitute Montefibre's capital, which has been eroded by heavy losses.

Of this sum, Y125bn would be put up by banks participating in a consortium to rescue the company, and a further L75bn by Montedison, which would convert outstanding debts into share capital.

The rest of the new cash would come from long-term loans, while the plan also provides for the consolidation of debts, further capital increases and later an issue of convertible bonds.

Another precondition of the plan's success is the completion of Montefibre's withdrawal from textile subsidiaries, which it hopes to sell if this proves, or else to close down.

The Acerra plant should *account for about half of Monte*fibre's sales by the end of 1982, and will then be Europe's largest and most modern polyester fibre factory.

It has an annual capacity of 32,000 tonnes of polyester yarn, 112,000 tonnes of polyester polimers and 140,000 tonnes of dimethylterephthalater, and when completed it will also be able to produce 50,000 tonnes of polyester staple

Reuter.

Nordic bank balance sheet total rises

BY LANCE KEYWORTH IN HELSINKI

THE Nordic Investment Bank (NIB) broadened the range of its lending activities and entered new capital markets in its fundraising during the first 10 months of 1979. The interim balance sheet total at August 31 was SDR (Special Drawing Rights) 255.93m, compared with SDR 174.41m a year earlier. (One SDR equalled $1.30 on August 31.)

The bank made its first export credit agreements in the course of the year. Two $20m lines of credit were opened to cover Nordic deliveries for Tanzanian investment projects. In addition, eight loans were granted for investments within the Nordic countries, bringing the total of new loans up to $91.2m against $83.3m in the same period of 1978. NIB has now made 36 loans totalling $332.7m since its establishment in June 1976.

NIB's first two issues in SDRs were floated during the year. The SDR 20m note issue has a five-year maturity and a 9 per cent coupon, and the SDR 13m issue, also for five years, carries an interest rate of 9¼ per cent.

The bank also raised its first loans in Nordic currencies. One was for SKr 75m ($17.8m), and the other for FMk 50m ($13m). Since NIB only grants loans in the currencies which it has at its disposal or in which it can borrow, the bank considers it important to be able to offer loans in local currencies for Nordic investment projects, to eliminate or minimise currency risks for the borrowers.

● The Oslo lawyer, Mr. Torgny Hanisch, whose property group recently lost a lawsuit against Andresens Bank, will not after all be appealing the verdict, writes Fay Gjester in Oslo.

The group Eiendomsinstitutte, which is in debt for several hundred million kroner, is going into voluntary liquidation. The lawyer representing Mr. Hanisch's creditors, Mr. Finn Rime, said that he did not expect an appeal. Mr. Hanisch had earlier indicated that he intended to appeal.

The property group sued Andresens for a total of NKr 85.5m ($17m). None of its claims was accepted by the court, which awarded Andresens NKr 25,000 in costs.

BROKEN HILL PROPRIETARY

Steelmaker moves into aluminium

BY JAMES FORTH IN SYDNEY

AUSTRALIA'S LARGEST company and sole steelmaker, Broken Hill Proprietary Company, has embarked on a large-scale expansion into aluminium. BHP yesterday announced that it would take a 20 per cent interest in an A$1bn (U.S.$1.1bn) bauxite and alumina refinery project in Western Australia and a 35 per cent equity in an A$500m aluminium smelter in New South Wales.

Moreover, a BHP spokesman said that the group did not rule out the prospect of moving into downstream aluminium fabrication. This would make it a fully-integrated aluminium complex.

BHP's partners in the Worsley bauxite-alumina venture include Reynolds of the U.S. (40 per cent), Shell (30 per cent), and Kobe Associates of Japan (10 per cent), which involves Kobe Steel, Nissho-Iwai and C. Itoh. The only Australian equity is BHP's 20 per cent interest, but the venture has been aproved by the Federal Government. The treasurer, Mr. John Howard, said that the general rule of at least 50 per cent local equity for mining projects dd not apply because alumina refining was a manufacturing operation. The Government was satisfied with the proposed level of local equity in the project.

BHP has joined the Alumax smelter project in NSW. Alumax which is jointly owned by Amax of the U.S. and Japan's Mitsui, will take up the majority of the remaining 65 per cent and a Japanese group led by Mitsui Tokyo will hold the balance. BHP will supply its share of the smelter's alumina raw material requirements from the Worsley project. The Worsley refinery is scheduled to start production in 1984. The plant will have an annual capacity of 235,000 tonnes of aluminium ingot. The BHP move comes only days after the French group, Pechiney, took in local partners for 50 per cent of an A$500m aluminium smelter in NSW. Gove Alumina, controlled by the industrial and mining group, CSR will take 35 per cent and the life office, the AMP society will take a 15 per cent stake.

CSR offer made unconditional

BY OUR SYDNEY CORRESPONDENT

CSR, the industrial and mining group, now holds 48.8 per cent of the Queensland coal, construction, and motor vehicle group, Thiess Holdings and expects to have more than 50 per cent by this morning in time for today's annual meeting of Thiess. CSR has declared its offer unconditional which means it must take whatever shares are now offered to it.

Mr. Joh Bjelke-Petersen, the Queensland premier, and the State cabinet, yesterday considered the possibility of last minute special legislation to thwart the bid, including a deferral of the annual meeting to give Thiess more breathing space, but decided against any action. Thiess has taken two legal actions, one on the grounds that the takeover would breach the Trade Practices Act and another challenging the sale by Shell to CSR of a 15.8 per cent holding in Thiess.

The Court has frozen an agreement which would give Shell a minority stake in three Thiess steaming coal projects, until it sets a date for a hearing, but allowed the actual share transfer to go ahead. At today's annual meeting Thiess will seek approval from shareholders to double its nominal capital to A$100m and to increase the board numbers from ten to twelve. CSR is expected to oppose both measures and almost certainly holds the proxies to carry the voting.

Toshiba (Malaysia)

PRE-TAX profit at Toshiba (Malaysia) fell 20.2 per cent to 13m ringgit ($602,000) in the year to June 30, although turnover rose 47.1 per cent to 22.7m ringgit ($10.4m) AP-DJ reports from Singapore.

Ampol Petroleum in Nabarlek link

By Our Sydney Correspondent

AMPOL PETROLEUM plans a one-for-eight scrip issue after a 70 per cent rise in profit for the year to September 30, and has linked with Pioneer Concrete Services to control the Nabarlek uranium mining venture in the Northern Territory. Group profit jumped from A$12.1m to A$20.4m (US$ 22.2m), but the dividend has been held at 6 cents a share.

Ampol and Pioneer have formed a jointly-owned, but as yet unnamed, company which will own 51 per cent of Kathleen Investment (Australia). KI in turn controls 50 per cent of Queensland Mines, which owns the Nabarlek Uranium venture.

To offset Pioneer's greater contribution, Ampol will issue 14m shares to Pioneer at A$1 and will make a cash adjustment. Pioneer already held about 12 per cent of Ampol through market purchases

The placement will lift Pioneer's Ampol stake to 20 per cent, and Pioneer will be entitled to appoint two directors to the Board.

Tongaat almost doubles profits in first six months

BY JIM JONES IN JOHANNESBURG

SUGAR AND building materials were the major divisions helping the South African Tongaat Group to achieve a 92.6 per cent first half operating profit improvement from R7.63m to R14.69m ($17.7m) in the six months to September 30, 1979.

Certain of the group's operations, however, still face problems or are reporting only minor earnings advances. Though the foods and feed division achieved generally improved results, the poultry division continues to experience difficult trading conditions, and operations are still affected by a nationwide egg surplus. In textiles the board expects similar earnings to those of last year.

However, following the building materials division's 154 per cent first half pre-tax profit advance from R2.96m to R7.54m, continued improvement is forecast for the second half and the sugar division's earnings are confidently expected to exceed those of last year. Adjusting for a one-for-four scrip issue in January, first half earnings increased from 24.9 cents to 40.3 cents. The interim dividend is lifted from an adjusted 7.2 cents to 9 cents. Last year's final payment was 16 cents.

Meanwhile, as forecast in the 1978 annual report, Otis Elevator, the 70 per cent owned South African subsidiary of United Technologies of the U.S., has reported lower earnings for the year to November 30, 1979. Compared with R11m for the preceding 14 months, the pre-tax income for the latest trading years was R8.3m ($10m).

In his 1978 review, Mr. Philip Sceales, the chairman, warned that fiscal 1979 would see fewer long-term contracts brought to account, but though this has happened, Otis' earnings were underpinned by firm lift maintenance contracts.

The directors give no opinion on likely earnings trends with the preliminary figures, but new long-term lift installation contracts should improve steadily as South Africa's previously depressed building industry regain momentum.

For several years, Otis has led foreign controlled companies in remitting high dividends to its overseas parent. Though earnings per share declined to 27.8 cents from 37.3 cents for the previous period, dividends totalling 40 cents, compared with 44 cents, have been declared. In Johannesburg Otis shares are currently quoted at 290 cents and yield 13.8 per cent.

Dissent in Fairfax over HWT deal

BY OUR SYDNEY CORRESPONDENT

JOHN FAIRFAX, the Australian newspaper group, has come under strong attack from within its own ranks over its A$50m (U.S.$54.5m) purchase of a minority stake in the Herald and Weekly Times group (HWT). Mr. Ranald Macdonald, the managing director of the partly-owned subsidiary, David Syme and Company, yesterday said the move threatened the freedom of news coverage and said he had obtained legal advice that it could constitute a case before the Federal court for contravention of the Trade Practices Act.

Fairfax last week bought 14.9 per cent of HWT in a bid to prevent Mr. Rupert Murdoch's News Limited group from succeeding with a A$126m bid for just over 50 per cent of HWT. Queensland Press, an HWT associate, paid A$20m to A$25m to lift its stake to 14.9 per cent, almost certainly making HWT safe from future takeover attempts. The directors of Fairfax claimed that the purchases would maintain the independence of HWT, but Mr. Macdonald said the move "threatens the freedom of coverage of news and the presentation of diverse opinion in the Victorian press."

Mr. MacDonald said the newly forged Fairfax-Herald patrnership now held 71 per cent of David Syme, which publishes the daily morning newspaper, The Age. Fairfax bought 35.7 per cent of David Syme in 1968 and had since increased its stake to 56.7 per cent. The HWT owns a further 14.1 per cent.

Mr. MacDonald said he asked Mr. James Fairfax, the chairman of Fairfax, to agree to allow control of David Syme to revert to the Syme family and associated interests, but the request was rejected. Accordingly he asked the Trade Practices Commission to investigate the share transfer and sought legal advice "which suggests that recent developments within the newspaper industry may be a contravention of the Trade Practices Act and could constitute a case before the Australian Federal Court."

Mr. Macdonald said he believed the Fairfax action allowed domination of the Melbourne market and consequently reduced newspaper competition. Fairfax could now influence the management of all three Melbourne dailies. The Fairfax purchase suggested the priorities Fairfax now holds, Mr. Macdonald claimed. "The A$50m Fairfax investment in HWT is more than five times its investment in David Syme," he added.

Tiger Balm Gardens re-assigned to Paringa

BY GEORGIE LEE IN SINGAPORE

HAW Par Brothers International has re-assigned its lease on the Tiger Balm Garden in Hong Kong back to the owner of the garden, Paringa Investments, which is a member of the Cheung Kong (Holdings) Group, for HK$ 40m (US$ 8m) cash.

Haw Par held a 20-year lease on the garden commencing July, 1969, for a nominal rent of S$3500 (US$ 1603) a month with a right of renewal for a further 10 years.

However, under the terms of the lease, Haw Par can only use the property as a pleasure garden.

The group said that, in view of the veny restrictive nature of the lease, no value was attributed to it and Haw Par has merely benefited indirectly to a small extent from the advertising of its Tiger Balm products.

The gain from the transaction is, therefore, the entire cash consideration of S$17.4m, which represents an increase of 14 Singapore cents per share in the net asset value of Haw Par.

A deposit of HK$ 8m has been paid and the balance will be settled by the end of this year. Haw Par said that the funds will be utilised to reduce its borrowings.

The Tiger Balm Garden which sprawls over 146,270 sq ft of prime land is one of Hong Kong's tourist attractions. However, with the garden returned to its owner, which is a major Hong Kong property developer, it is thought likely that the site will be re-developed.

VONTOBEL EUROBOND INDICES

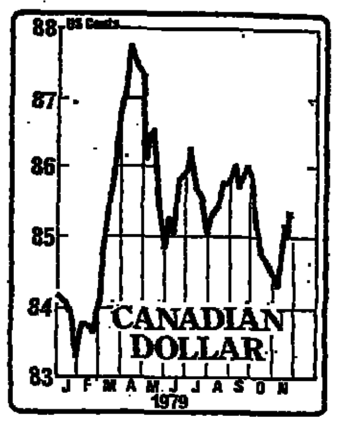
145.76=100%

PRICE INDEX	27.11.79	20.11.79	AVERAGE YIELD	27.11.79	20.11.79
DM Bonds	96.57	95.81	DM Bonds	7.973	8.109
HFL Bonds & Notes	94.66	94.77	HFL Bonds & Notes	9.419	9.389
U.S. $ Strt. Bonds	88.16	88.49	U.S. $ Strt. Bonds	11.177	11.105
Can. Dollar Bonds	88.07	88.07	Can. Dollar Bonds	12.132	12.117

CURRENCIES, MONEY and GOLD

Dollar weak

THE DOLLAR lost ground against most major currencies in the foreign exchange market yesterday, as continuing uncertainty over the situation in Iran undermined market confidence. After fluctuating for most of the day the U.S. unit showed a definite weaker trend towards the close, prompted by selling in New York. Against the D-mark *it fell to DM 1.7465* from DM 1.7490 and to Y249.0 from Y2849.40 in terms of the Japanese yen. It was also weaker against the Swiss franc, falling to SwFr 1.6360 from SwFr 1.6490



on Tuesday. On Bank of England figures, its trade weighted index was slightly up at 86.6 from 86.5, but this falied to reflect the dollar's late fall.

Sterling traded within a fairly narrow range but there was still a good deal of business. After opening at $2.1625 against the dollar, the pound rose briefly to $2.1690 before coming back to $2.1600. However as the dollar weakened later in the day, the pound rose to a best level of $2.1770 before closing at $2.1755-2.1765, a rise of 1.5c from Tuesday's close. On Bank of England figures, its trade weighted index rose to 69.3 from 69.0, having stood at 69.2 at noon and in the morning.

FRANKFURT — The dollar rose to DM 1.7435 at yesterday's fixing compared with DM 1.7404 on Tuesday, and the Bundesbank bought around $23m at the fixing. Trading was dominated by uncertainties in Iran, but market sources indicated that the dollar was unlikely to move appreciably from its present level.

AMSTERDAM—After yesterday's increase in the Dutch bank rate to 9½ per cent, the guilder showed a slightly firmer tendency against the D-mark. The latter was quoted at Fl 111.58 per DM 100 down from Fl 111.70 previously. There did not appear to be any intervention by the Dutch *Central Bank yesterday*, but market sources estimated that the authorities had spent up to Fl 300 m in support actions earlier in the week.

*ZNRICH—The Swiss franc im*proved against the D-mark yesterday, reversing the weaker trend of the last few days. The D-mark eased to SwFr 94.10 per DM 100 compared with SwFr 94.90 previously. The Swiss franc was probably also helped by a narrowing of differentials between Euro-franc rates and Euro-mark rates.

MILAN—The lira was weaker against the dollar yesterday but gained slightly against EMS curencies, while sterling improved marginally. The dollar *was fixed at 820.45* compared with L818.55 and sterling rose to L1,776.9 from L1,774.4.

TOKYO—The dollar fell to Y249.70 yesterday compared with Tuesday's level of Y251.52½, after heavy intervention by the Bank of Japan to help the yen. The Bank was reported to have sold over $400m as the dollar touched its best level of $249.70. Despite yesterday's fall, the dollar retained a firm undertone with demand helping to limit the dollar's fall.

THE POUND SPOT AND FORWARD

Nov. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1595-2.1770	2.1755-2.1765	0.77-0.67c pm	3.97	1.60-1.50 pm	2.85
Canada	2.5310-2.5515	2.5500-2.5510	0.85-0.75c pm	3.76	2.10-2.00 pm	3.21
Nethlnd	4.21-4.25½	4.24¼-4.25¼	1¾-¾c pm	3.53	3⅞-2⅞ pm	3.18
Belgium	61.40-62.05	61.90-62.00	15-5c pm	1.94	32-22 pm	1.74
Denmark	11.21-11.30	11.28½-11.29½	3-5ore dis	−4.25	5¾-7¼ dis	−2.39
Ireland	1.0220-1.0280	1.0235-1.0245	0.06-0.16p dis	−1.29	0.23-0.33dis	−1.09
W. Ger.	3.77-3.81	3.79¾-3.80¾	2⅞-1⅞pf pm	7.49	7¼-6¼ pm	7.10
Portugal	107.80-108.80	108.65-108.75	par-80c dis	−4.41	par-100 dis	−1.84
Spain	143.00-144.50	144.35-144.45	100-150c dis	−10.39	80-180 dis	−3.60
Italy	1.773-1.786	1,785-1,786	5¼-3¼ lire pm	2.86	4¼-2¼ pm	0.73
Norway	10.80-10.91	10.89¾-10.90¾	4¾-2¾ore pm	4.13	11¼-9¼ pm	3.76
France	8.86-8.95	8.94-8.95	3¼-2¼c pm	3.69	5¼-4¼ pm	2.35
Sweden	9.05½-9.14	9.12½-9.13½	3½-1½ore pm	3.28	7¾-5¾ pm	2.74
Japan	536-544	541-542	3.75-3.45y pm	7.98	10.15-9.85 pm	7.39
Austria	27.10-27.37	27.30-27.35	22-12gro pm	7.46	60-50 pm	8.05
Switz.	3.55-3.58	3.55½-3.56½	3¼-2¼c pm	10.95	10¼-9¼ pm	10.95

Belgian rate is for convertible francs. Financial franc 63.10-63.20. Six-month forward dollar 2.87-2.82c pm, 12-month 5.00-4.90c pm.

THE DOLLAR SPOT AND FORWARD

Nov. 28	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1595-2.1770	2.1755-2.1765	0.77-0.67c pm	3.97	1.60-1.50 pm	2.85
Ireland†	2.1100-2.1175	2.1100-2.1150	1.0-0.70c pm	4.83	2.35-2.05 pm	4.16
Canada	1.1718-1.1729	1.1726-1.1729	0.01c pm-0.02dis	−0.05	0.12-0.09 pm	0.36
Nethlnd.	1.9480-1.9510	1.9480-1.9510	0.03c pm-0.07dis	−0.12	0.35-0.25 pm	0.61
Belgium	28.40-28.48	28.46-28.48	3-5c dis	−1.68	4-7 dis	−0.77
Denmark	5.1750-5.2085	5.1915-5.1930	3.30-3.80ore dis	−8.20	7.10-7.60dis	−5.66
W. Ger.	1.7400-1.7490	1.7460-1.7470	0.57-0.47pf pm	3.57	1.92-1.82 pm	4.28
Portugal	49.95-50.06	49.95-50.05	23-33c dis	−6.72	45-80 dis	−4.50
Spain	66.17-66.40	66.37-66.40	10-20c dis	−2.71	55-70 dis	−3.76
Italy	819.80-821.30	820.80-821.30	0.40-0.90 lire dis	−0.95	4.10-4.60dis	−2.12
Norway	5.0035-5.0070	5.0055-5.0065	0.50-0.25ore pm	0.90	1.50-0.75 pm	0.90
France	4.1090-4.1110	4.1095-4.1105	0.10-0.20c dis	−0.44	0.30-0.50dis	−0.38
Sweden	4.1900-4.1935	4.1925-4.1935	0.15ore pm-0.05dis	0.14	0.30-0.10 pm	0.19
Japan	248.60-249.80	248.95-249.05	0.80-0.65y pm	3.49	2.80-2.65 pm	4.38
Austria	12.54½-12.56¾	12.55¾-12.56¾	5.20-4.70gro pm	4.73	17.0-15.0 pm	5.09
Switz.	1.6330-1.6470	1.6355-1.6365	1.05-0.95c pm	7.33	3.43-3.33 pm	8.26

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Nov. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.600290	0.656228
U.S. $	12	1.30305	1.41988
Canadian $	14	1.52626	1.66012
Austria Sch.	3¾	16.3090	17.8088
Belgian F.	10	37.0066	40.3139
Danish K.	11	6.73156	7.35994
D Mark	6	2.26783	2.47272
Guilder	8½	2.54095	2.76621
French Fr.	9½	5.33338	5.81156
Lira	12	1066.55	1162.53
Yen	6¼	327.456	353.195
Norwgn. Kr.	7	6.48789	7.07170
Spanish Pts.	8	86.1238	93.9107
Swedish Kr.	9	5.45261	5.93410
Swiss Fr.	2	2.13885	2.33499

CURRENCY MOVEMENTS

Nov. 28	Bank of England Index	Morgan Guaranty changes %
Sterling	69.3	−36.6
U.S. dollar	86.6	−6.6
Canadian dollar	81.0	−17.1
Austrian schilling	158.0	+24.3
Belgian franc	115.4	+14.1
Danish kroner	115.4	+2.8
Deutsche mark	158.8	+47.2
Swiss franc	200.2	+80.4
Guilder	125.1	+19.5
French franc	102.4	−5.5
Lira	54.7	−50.0
Yen	113.8	+13.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 28	£	$		£ Note Rates
Argentina Peso	3386-3406	1560-1565	Austria	27.10-27.40
Australia Dollar	1.9805-1.9845	0.9145-0.9150	Belgium	62.50-63.10
Brazil Cruzeiro	68.88-69.88	31.65-32.10	Denmark	11.21-11.29
Finland Markka	8.13¼-8.14¼	3.7515-3.7535	France	8.86-8.92
Greek Drachma	80.616-82.549	37.35-37.45	Germany	3.77-3.80
Hong Kong Dollar	10.80-10.82½	49945-4.9965	Italy	1770-1825
Iran Rial	n/a	n/a	Japan	539-544
KuwaitDinar (KD)	0.598-0.608	0.2785-0.2786	Netherlands	4.21-4.24
Luxembourg Frc.	61.90-62.00	28.45-28.47	*Norway*	10.82-10.90
Malaysia Dollar	4.7400-4.7515	2.1865-2.1875	Portugal	107-114
New Zealand Dlr.	2.2310-2.2370	1.0260-1.0275	Spain	142½-151½
Saudi Arab. Riyal	7.25-7.35	3.3695-3.3705	Switzerland	3.54½-3.58½
Singapore Dollar	4.7300-4.7415	2.1836-2.1846	United States	2.16¼-2.17
Sth. African Rand	1.7935-1.7965	0.8280-0.8290	Yugoslavia	46-47½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.3191	+1.19	+1.19	±1.53
Danish Krone	7.36594	7.36348	−0.03	−0.03	±1.635
German D-Mark	2.48557	2.47387	−0.47	−0.47	±1.125
French Franc	5.85522	5.81111	−0.75	−0.75	±1.3575
Dutch Guilder	2.74748	2.76421	+0.61	+0.61	±1.515
Irish Punt	0.669141	0.671572	+0.36	+0.36	±1.665
Italian Lira	1159.42	1163.21	+0.33	+0.33	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov.28	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.176	3.803	541.5	8.945	3.560	4.248	1786.	2.551.	61.95
U.S. Dollar	0.460	1.	1.747	248.9	4.111	1.636	1.952	820.5	1.172	28.47
Deutschemark	0.263	0.572	1.	142.4	2.352	0.936	1.117	469.6	0.671	16.29
Japanese Yen 1,000	1.847	4.018	7.022	1000.	16.52	6.574	7.844	3297.	4.710	114.4
French Franc 10	1.118	2.433	4.251	605.4	10.	3.980	4.748	1996.	2.851	69.26
Swiss Franc	0.281	0.611	1.068	152.1	2.513	1.	1.193	501.5	0.716	17.40
Dutch Guilder	0.235	0.512	0.895	127.5	2.106	0.838	1.	420.4	0.600	14.59
Italian Lira 1,000	0.560	1.219	2.130	303.3	5.010	1.994	2.379	1000.	1.428	34.70
Canadian Dollar	0.392	0.853	1.491	212.3	3.507	1.396	1.665	700.1	1.	24.29
Belgian Franc 100	1.614	3.513	6.138	874.1	14.44	5.747	6.856	2882.	4.117	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.50-13.60 per cent; three months 13.50-13.60 per cent; six months 13.50-13.60 per cent; one year 12.40-12.50 per cent.

Nov. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n/a	11⅞-12⅛	12½-13½	13-13¼	18-20	8⅝-8⅞	11⅞-12⅛	9-11	—	8⅝-15½
7 days' notice	16-16⅛	12-12¼	12½-13½	11¾-12	7½-8	8⅝-8¾	12¼-12½	12-14	12-12⅛	8¼-9¼
Month	16⅛-16⅞	12¼-12½	12⅝-13⅛	12⅞-13⅛	4⅞-5	8⅛-8¼	12⅛-12¾	13⅛-14⅛	12⅞-13⅛	5-5⅜
Three months	16⅛-16⅛	13⅛-13⅜	13-13¾	13-13½	5⅛-5¼	9⅛-9¼	13⅛-13¾	15⅛-16⅛	13⅛-13⅛	8¼-9⅛
Six months	15⅝-16⅛	13¼-13⅜	13-13⅜	12⅝-13⅛	5⅛-5¼	9¼-9½	13⅛-13⅜	15⅛-16⅛	13⅛-13⅛	8¼-8⅞
One year	15⅜-15⅞	12⅞-12⅞	12½-12⅞	11-11¼	5¼-5½	8⅝-8¾	13⅜-13⅞	15⅜-16⅛	12⅞-12⅞	7⅝-7⅞

Long-term Eurodollar two years 12¼-12⅝ per cent; three years 11⅞-12⅛ per cent; four years 11⅞-12 per cent; five years 11⅝-11⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch bank rate up

The Netherlands central bank raised its bank rate to 9½ per cent from 8½ per cent, while the rate on secured *loans was in*creased to 10½ per cent from 9½ per cent, and the promissory note rate was also raised by 1 per cent to 11 per cent.

This is the second rise in the Dutch bank rate this month, with the Nederlandsche Bank previously responding to the increase in the German Bundesbank discount rate on November 1.

In Amsterdam yesterday the money market was very nervous following the announcement that the German authorities are to hold a press conference after today's council meeting. There was some expectation of a further rise in Germany's discount rate, despite the improvement in the latest *money supply* figures.

Dutch consumer credit growth also showed signs of slowing down, according to figures published yesterday. Total outstanding credit during the first nine months of 1979 grew by only 13.3 per cent, compared with 22.1 per cent last year.

Money market conditions were expected to remain tight in Amsterdam during the coming week, partly reflecting monthly tax payments, while the central bank's special advance of Fl. 613m expires on Monday. A new facility is expected but is likely to reflect the tight monetary policy of the authorities. Call money rose to 13-13½ per cent yesterday, but eased to 12½-13½ per cent in the afternoon, compared with 13-13½ per cent previously. *Period* rates also eased in late trading, with one-month falling to 13-13¼ per cent from 14-14½ per cent; three-month to 13½-14½ per cent from 14½-14½ per cent; and six-month to 12-12½ per cent from 12½-13 per cent.

FRANKFURT — Call money was unchanged at 8.40-8.50 per cent, but term rates were generally firmer, with one-month rising to 8.85-8.95 per cent from 8.10-8.25 per cent; three-month to 9.60-9.70 per cent from 9.40-9.60 per cent; and six-month to 9.10-9.20 per cent from 9.00-9.20 per cent. 12-month funds were unchanged at 8.70-8.80 per cent.

PARIS—Day-to-day money was unchanged at 11½ per cent, but period rates eased. One-month fell to 12½-12½ per cent from 12½-12⅞ per cent, with three-month 12½ per cent from 12½-12½ per cent, and six-month declining to 12½-12½ per cent from 12½-12½ per cent.

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday to $408½-410½, a rise of $14¼ an ounce. Trading was described as hectic at times, with the metal in very good demand throughout the day. Demand was partly stimulated by the sharp rise in silver. Gold opened at $397-398 and reached a high point at the afternoon fixing of $411.20.

In Paris the 12½ kilo bar was fixed at FFr 55,100 per kilo ($417.74 per ounce) compared *with FFr 55,650 ($422.71) in the* morning and FFr 54,595 ($414.57) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 22,825 per kilo ($407.46 per ounce) against DM 22,010 ($393.50) previously.

	November 28		November 27	
Gold Bullion (fine ounce)				
Close	$408½-410½	(£188½-188¾)	$394¼-395	(£182.45-182.80)
Opening	$397-398	(£183½-184)	$393¼-394	(£181.75-182.05)
Morning fixing	$405.35	(£187.155)	$393.40	(£181.458)
Afternoon fixing	$411.20	(£189.634)	$393.75	(£181.972)
Gold Coins				
Krugerrand	$421-422	(£194-195)	$407½-408½	(£188-188½)
Mapleleaf	$421-423	(£194-197)	$407-410	(£188-192)
New Sovereigns	$104½-106½	(£48-49)	$102-103½	(£47-48)
King Sovs.	$112-114	(£52-53)	$111-112½	(£51½-52½)
Victoria Sovs.	$114-116	(£52½-54)	$112½-113½	(£52-54)
Fr20 Napoleon	FFr420-425	($Fr167-169)	FFr407-412	($Fr163½-165½)
50 pesos Mexico	$509-511		$491-493	
100 Cor. Austria	$395-397½		$381-384	
$20 Eagles	$506-510		$501-504	
$10 Eagles	$255-260		$260-275	
$5 Eagles	$330-350		$335-345	

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in adequate supply in the London money market yesterday and the authorities did not intervene for the sixth time in the last seven trading days.

Banks brought forward surplus balances, and the market was also helped by a moderate excess of Government disbursements over revenue payments to the Exchequer. On the other hand there was a small net take-up of Treasury bills to finance.

Discount houses paid up to 15½ per cent for secured call loans, and closing balances were taken at 12-14½ per cent.

In the interbank market overnight loans opened at 15½-16 per cent and eased to 15½-15½ per cent in expectation of easy conditions, before rising again to 15-15½ per cent. In the afternoon rates fell to 12 per cent but finished firm at 16 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	15¼-15¾
Fed Funds	12⅝-12¾
Treasury Bills (13-week)	11.25
Treasury Bills (26-week)	11.25

GERMANY

Discount Rate	6
Overnight Rate	8.45
One month	8.90
Three months	9.65
Six months	9.15

FRANCE

Discount Rate	9.5
Overnight Rate	11.875
One month	12.1875
Three months	12.4375
Six months	12.4375

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.75
Bills Discount (three-month)	8.375

LONDON MONEY RATES

Nov. 28 1979	Sterling Certificate of deposit	Interbank	Local Authority negotiable bonds	Local Auth. deposits	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	12-16	—	—	—	16	12-15½	—	—	—
2 days notice	—	—	—	16¼-16⅛	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅛-16⅛	—	16¼-16⅛	—	16⅛	16⅛-16	—	—	—
One month	16⅛-16⅛	16⅛-16⅛	16⅛	16⅛-17⅛	16⅛	17⅛	16⅛-16	15⅝	16⅛	17⅛
Two months	16⅛-16⅛	16⅛-16⅛	—	16⅛-17⅛	16⅛	—	—	16	16⅛	17⅛
Three months	16⅛-16⅛	16⅛-16⅛	16⅛	17⅛-17	17	17⅛	16⅛-16⅛	16⅛	16⅛	17
Six months	16⅛-16⅛	16⅛-16⅛	16⅛	16⅛-16⅛	17	—	—	—	15	16⅛
Nine months	15⅛-15⅛	15⅛-16⅛	—	16⅛-16⅛	16⅛	—	—	—	—	—
One year	15⅛-15⅛	15⅛-16⅛	15⅛-15⅛	15⅛-16⅛	16	—	—	—	—	—
Two years	—	—	15⅛-15⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15-15½ per cent; four years 15-15½ per cent; five years 15-15½ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛ per cent; four-month trade bills 16⅛ per cent.

Approximate selling rates for one-month Treasury bills 15⅝ per cent; two-months 15⅝ per cent; three-months 16 per cent. Approximate rates for one-month bank bills 16⅛ per cent; two-months 16⅛ per cent; three months 16⅛ per cent; one-month trade bills 17 per cent and three-months 16⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 12-12½ per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1177 per cent.

A FINANCIAL TIMES SURVEY

MEXICO

Friday January 11TH 1980

The Financial Times proposes to publish a survey on Mexico. The following is the proposed editorial synopsis:

Introduction

The Lopez Portillo Government as it approaches mid-term. The debate about the use of oil in the context of national development. Political reform.

The Economy

The external sector: Energy exports and the balance of payments. The prospects for non-oil exports, invisibles and foreign investment.
The internal sector: Urban and rural development. Industrialisation and the importance of oil.

Tourism

A major foreign currency earner looks to the domestic tourist market. The development of hotels and infrastructure. The transport demands of growing tourist traffic.

The Motor Industry

Developments in passenger and freight vehicles. The increasing Mexicanisation of the industry and prospects for the export trade.

Oil and Gas

New discoveries on- and off-shore. Pemex's role in exploration and development. Distribution and export strategies.

Agriculture

The need for increased productivity and the demands for more widely distributed prosperity on the land.

Personalities

Brief portaits of leading Mexicans in industry, government and the arts.

Banking

Private sector and state banks. Catering to a growing population and financing Mexico's capital projects.

Guadalajara

Mexico's second city and a growing industrial centre.

Foreign Affairs

Mexico's new relationship with the U.S. Mexican influence in Central and South America.

For further details of the editorial synopsis and of advertising rates, contact:

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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CONTRACTS AND TENDERS

NEW CALEDONIA

ENERCAL

Invitation for Prequalification

CONSTRUCTION OF NEAOUA HYDROELECTRIC POWER PLANT

ENERCAL (a New Caledonian power company) will shortly be soliciting bids for supply and installation of equipment for the NEAOUA hydroelectric power plant together with the construction of M.T. transmission lines connected with this project. Studies and management of world involved will be undertaken by ELECTRICITE DE FRANCE DIRECTION DES AFFAIRES EXTERIEURES ET DE LA COOPERATION (E.D.F. — DAFECO).

The site to be developed is located close to the small town of Houailou on the East coast of the Isle at about 240 km from Nouméa.

Work will include:

— an intake structure, a low pressure tunnel 2,150 metres in length
— a penstock, 2,400 metres long, for a gross head of 355 metres
— a remote controlled power station housing 2 generating sets of 3.4 MW with Pelton turbines; a third generating sets is scheduled in a second phase.

The first generating set should be operational by August 1, 1982.

Division of Lots

	Tender Dates
Turbines and Valves	10/01/80
Generators	10/01/80
Electric Equipment for the Power Plant and miscellaneous comprising one 30 kV switchyard and the Remote Control of the Generating Sets	10/01/80
Penstocks	20/12/79
About 50 kilometres of 33 kV transmission lines having a section of 148 mm²	1/07/80

Financing

The financing will be undertaken by *Financial establish*ments of France and of the other countries of the EEC.

Procedure to be followed

The firms interested by one or several lots must supply, as soon as possible, and at the latest by 11th December, 1979, in duplicate, the references normally required for a preselection such as: experience in similar works, organisation, means and financial structure of the firm.

One copy will be sent to:
ENERCAL
9, rue d'Argusseau
75008 Paris

The second copy will be sent to:
E.D.F. — DAFECO
68, rue du Faubourg Saint-Honoré
75008 Paris

Chosen firms will be selected in consideration of their references by the ENERCAL company with the agreement of the financial establishments

COMPANY NOTICES

NOTICE TO BONDHOLDERS

INTERNATIONAL UTILITIES OVERSEAS CAPITAL CORPORATION

5¼ per cent. Guaranteed Convertible Bonds 1986

The Board of Directors of IU International Corporation ("IU") has established December 7, 1979 as the date on which stockholders of record of IU Common Stock will be entitled to receive the distribution of shares (the "Distribution") of Gotaas-Larsen Shipping Corporation ("GLSC") approved by the stockholders of IU on November 27, 1979. As a holder of the above Bonds (the "Bonds"), you may participate in the Distribution only if you convert your Bonds no later than December 7, 1979. If you wish to convert your Bonds into IU Common Stock in order to participate in the Distribution, the relevant Bonds, with the Request for Conversion on the reverse side of the Bonds duly completed, must be presented in accordance with the terms and conditions of the Bonds to one of the conversion agents named on the Bonds no later than December 7, 1979. Bonds which are presented for conversion after such date will not participate in the Distribution.

Under the terms of the Distribution, one share of GLSC stock will be distributed for each three shares of IU Common Stock held by a stockholder of record on December 7, 1979.

If you hold Bonds after December 7, 1979, the conversion price per share of IU Common Stock will be adjusted for the Distribution. A Notice giving details of the adjusted conversion price will be published as soon as practicable after December 7, 1979.

INTERNATIONAL UTILITIES OVERSEAS CAPITAL CORPORATION

Dated: November 29, 1979

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LTD.
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the eighty-fourth annual general meeting of Transvaal Consolidated Land and Exploration Company Limited will be held in the Conference Room, Eleventh Floor, 63 Fox Street, Johannesburg, on Thursday, 17th January, 1980 at 11h00 for the following business:

1. To receive the audited annual financial statements and group annual financial statements for the year ended 30th September, 1979.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To place the unissued shares under the control of the directors in terms of the Companies Act, 1973, as amended.

For the purpose of determining those members entitled to attend and vote at the meeting, the register of members of the company will be closed from 11th to 17th January, 1980, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll and speak in his stead. A proxy need not be a member of the company. A proxy form will be available to a member on request to either the transfer secretaries in Johannesburg or the United Kingdom secretaries. Attention is drawn to the fact that, if it is to be effective, a completed proxy form must reach the transfer secretaries in Johannesburg or the United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting.

The holder of a share warrant to bearer who desires to be represented at the meeting must produce a certificate of his holding from an authorised depositary at the bearer reception office of the United Kingdom secretaries, at least ten days before the date appointed for the holding of the meeting, and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereafter, a proxy form will be issued under which such share warrant holder may be represented at the meeting.

By Order of the Board
Rand Mines Limited Secretaries
per V. M. Morton

Office of the London Secretaries:
Charter Consolidated Limited,
40 Holborn Viaduct,
EC1P 1AJ.

Office of the United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
PO Box 102,
Charter House,
Park Street,
Ashford, Kent TN24 8EQ.
29th November, 1979.

LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS on offer to the public

For advertising details please ring:
B. Kelaart, 01-248 8000, Extn. 266

WORLD STOCK MARKETS

NEW YORK

Wall St. harder at mid-session

FURTHER PROFIT-TAKING brought an initial easier tendency on Wall Street yesterday, but this appeared to have dissipated by mid-session when stocks showed a slight bias to higher levels on balance.

The Dow Jones Industrial Average reversed an early decline of 4.43 to record a net gain of 0.60 at 826.45 at 1 pm. The NYSE All Common Index was a net 7 cents up at $60.84, after receding to $60.65, while total rises at mid-session outscored falls by a four-to-three majority. There was an active business of 26.26m shares, but this fell short of Tuesday's 1 pm level of 32.73m.

Investors continued to hope that interest rates have peaked, but that caution ahead of President Carter's news conference,

Closing prices and market reports were not available for this edition.

due that evening, and concern about the still tense Iran situation were limiting the market's ability to rise.

Analysts said some investors are worried about what Iran will do with American hostages if the Shah leaves the U.S. soon, as has been reported. The dollar was easier and Gold advanced, developments that often are bearish for stocks.

Volume leader U.S. Steel declined 1⅛ to $17½. On Tuesday, the company predicted a substantial loss for the fourth-quarter from the planed closing of some steel-making operations and the lay-off of 13,000 employees.

Take-over developments affected several issues. Active Flintkote rose 1¾ to $54⅝. The Board is backing a $55 a share bid from Genstar against a competing bid from Louisiana Pcific.

Pay Less Drug Stores Northwest fell $4 to $19½. It has ended merger talks with investment bankers Kohlberg Kravis Roberts.

Active McDonnell Douglas slipped 1⅛ to $30½. A Douglas DC-10 operated by Air New Zealand has crashed in the Antarctic.

Gold and Silver issues rose. Dome Mines gained $1 to $42¼, Homestake Mining 1¾ to $37¼, Asa ¾ to $29½, Hecla Mining 1½ to $21⅛ and Callahan Mining 1⅛ to $23⅛.

THE AMERICAN SE Market Value Index recorded a gain of 0.32 at 226.65 at 1 pm after volume of 2.86m shares (3.81m).

Canada

Markets were mixed with a softer bias after another active morning session. The Toronto Composite Index gained 5.1 to 1,693.2 at noon, mainly on strength in the Golds sector, up 46.1 at 2,052.7 on index and Bank shares. Oil and Gas, in contrast, shed 8.3 more to 3581.6.

In Montreal, the Banks index featured with an advance of 7.49 to 297.04. Lowering of mortgage rates by the Bank of Montreal and the Bank of Nova Scotia pushed banks higher. Royal Bank rose 1¼ to C$39¼, while Toronto Dominion, C$23¼, and Bank of Montreal, C$23¾, each gained C$1. Bank of Nova Scotia put on ¼ to C$23¾.

Tokyo

The market remained firmer-inclined in fairly active trading on selective speculative buying.

The Nikkei-Dow Jones Average gained 12.45 more to 6,420.25 and the Tokyo SE index 0.48 to 447.52, while gains on the First Market section outnumbered declines by 305 to 287. Trading volume further expanded to 350m shares from Tuesday's 260m.

Electricals, Machine Manufacturers, Synthetic Textiles, Damage Insurances, Cements and some Pharmaceuticals gained ground, but Petroleums, Vehicles, Shippings and Trading Houses declined on profit-taking.

Pioneer Electronic put on Y50 to Y1,990 in response to record profits and sales for the year. Other Light Electricals, including Sony, up Y80 at Y1,800, TDK Electronic, Y40 to the good at Y1,800, Hitachi and Toshiba were also higher.

Nippon Oil, however, fell Y30 to Y1,970, Mitsui Y13 to Y365, Mitsubishi Y26 to Y839 and Toyota Motor Y12 to Y831.

Synthetic Textiles in demand included Toray and Kuraray.

Germany

Stock prices displayed a downward bias as profit-taking in a quiet market eroded a part of some of the advances scored on Tuesday.

Among Motors, BMW lost DM 5 of the previous day's rise of DM 5.50, while Volkswagen up DM 7.70 on Tuesday, shed DM 1.90.

In the Engineering sector, MAN declined DM 4 and Linde DM 3.50, but Deutsche Babcock were DM 1.50 higher. Brown Boveri, in Electricals, reacted DM 2.50.

Public Authority Bonds registered fresh gains ranging to 70 pfennigs, but also isolated losses extending to 25 pfennigs. The Regulating Authorities sold a nominal DM 37.7m of paper after sales of DM 126.4m the previous day. Mark Foreign loans were also firmer.

Switzerland

With volume further increasing, bourse prices had another buoyant session yesterday. The Swiss Bank Corporation Industrial index closed 2.9 higher at 303.2.

Dealers see the trend continuing in December, with funds from short-term investments possibly being channelled into the Swiss stock markets.

The Zurich Bond market stopped its slide, and here too, dealers were confident for the near future. The yield level has risen, and the interest rate differential with abroad is narrowing, so Swiss-franc investments are becoming more attractive, they said.

Johannesburg

Gold shares, after Tuesday's retreat, picked up a little on firmer Bullion prices.

Most Mining Financials also hardened, with Anglos adding 20 cents at R10.80 after results. Diamond leader De Beers moved ahead 18 cents to R9.13. Platinums rallied, but Collieries and Tin shares were easier, while Coppers were irregular.

Industrials tended to improve in fairly quiet dealings. Unisec climbed 15 cents to R3.95 and Barlow Rand 25 cents to R7.60.

Australia

Some energy stocks featured strongly in overall mixed markets yesterday.

The Federal Government declared the small 280m barrel Fortescue Field on Esso-BHP's Bass Strait leases "new oil," which means that it can be priced at world parity and is exempt from the oil levy. BHP jumped to A$9.70, before finishing the session a net 22 cents higher at A$9.58.

After a long wrangle over price, the Western Australian Government finally signed a gas deal with the Northwest Shelf consortium, and Woodside Petroleum, a 50 per cent participant, rose 7 cents to A$1.77.

Ampol Petroleum and Pioneer Concrete traded actively on the announcement that they were setting up a new company, in which each would have equal shares to manage the respective shareholdings in Uranium concern Kathleen Investments. Ampol gained 5 cents to A$1.25, although Pioneer, A$1.70, and Kathleen, A$6, were both unaltered on the day.

Among Coals, Howard Smith advanced 30 cents to A$6.10 and Thiess 6 cents to A$6.66.

Uranium leader Pancontinental, trading for the first time on a one-for-one share split and a one-for-two premium issue basis, finished at A$4.90, down 6 cents from the theoretical price calculated by brokers.

Base Metal Minings held up well against a background of mixed commodity prices in London, while Golds were steady. Banks improved on the better interest rate climate, and there were also gains recorded by Real Estate issues.

Paris

With renewed concern over the Iran situation partly depressing sentiment, shares generally relinquished a large port of their recent gains on meeting profit-taking.

CANADA

Stock	Nov. 27	Nov. 26
Abitibi	17	16⅞
Agnico Eagle	7	6⅞
Alcan Alumn.	45½	45¾
Algoma Steel	27½	28
Asbestos	38	38¼
[illegible]	[illegible]	[illegible]

BELGIUM (continued)

Nov. 27	Price Fls.	+ or —
Petrofina	5,560	
Royale Belge	5,360	—40
Soc Gen Banq	2,875	
Soc Gen Belge	1,660	+55
Sofina	3,365	+35
Solvay	2,390	—5
[illegible]	[illegible]	[illegible]

HOLLAND

Nov. 28	Price Fls.	+ or —
ACF Holding	77	
Ahold	77.5	—0.6
AKZO	25.5	—0.3
ABN	317.5	—4.5
AMEV	95.7	
[illegible]	[illegible]	[illegible]

AUSTRALIA

Nov. 28	Price Aust. $	+ or —
ANZ Group	3.68	
Acrow Aust	1.91	
Allstate Expl.	0.40	
Ampol Pet.	1.25	+0.05
Ass. Pulp Pap.	2.35	+0.01
Audimco	0.27	
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Nov. 27	Price Yen	+ or —
Makita	1,050	+20
Marubeni	428	—14
Marudai	652	
Marui	680	+15
Matsushita	709	—5
M'ta Elec Works	524	+9
[illegible]	[illegible]	[illegible]

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

AUSTRIA

BELGIUM/LUXEMBOURG

[illegible]

COMMODITIES AND AGRICULTURE

Christmas trees to cost more

By Our Commodities Staff

GOOD QUALITY Christmas trees may be scarce this year and are likely to cost up to 20 per cent more, according to the Timber Growers Organisation.

However, there should be enough trees to meet demand, says the organisation, which represents private forestry owners in England and Wales responsible for 80 per cent of Christmas tree sales.

The shortage of good quality trees is blamed mainly on the drought in 1976 which killed off many trees. While the price rise is put down to increased transport costs and higher Value Added Tax. Growers' prices are expected to rise from about 40p to 50p per foot, but the retail price will be at least double that amount in most cases.

Meanwhile, the organisation is planning to set up a Christmas Tree Association in an attempt to stabilise supplies and prices. It is estimated that some 1m Christmas trees are sold annually.

Rain damages groundnut crop

NEW DELHI — Unseasonal rainfall in Gujarat has damaged the groundnut crop in Saurashtra and Kutch, the Indian Agriculture Department said in Rajkot.

The Gujarat crop is expected to be 1m to 1.1m tonnes instead of the 1.2m to 1.3m expected earlier, he added.

The damage is estimated at Rs 400m to Rs 500m (£23m-£28.5m).
Reuter

EEC sugar exports rise

BRUSSELS—The EEC Commission yesterday authorised 65,050 tonnes of white sugar for export compared with 19,750 tonnes last week, commission sources said here.

All offers for raw sugar were rejected.

On the London market yesterday raw sugar futures prices recovered most of Tuesday's decline. The March position ended £4.45 up at £182.50 a tonne.

Gold and silver boosts metals

BY JOHN EDWARDS, COMMODITIES EDITOR

GOLD AND silver led a general rise in metal prices yesterday. The jump in precious metals, as a result of renewed speculative buying demand, spilled over into base metal markets.

Shortages of nearby supplies pushed aluminium futures on the London Metal Exchange to a record level and also brought a sharp rise in tin prices.

On the London bullion market the spot quotation for silver was lifted at the morning fixing by 58.05p to 829.45p an ounce. Values moved further ahead in the afternoon closing at about 846p.

Buying interest was reported to have been revived by renewed uncertainties about oil supplies and currencies, which pushed the New York market the permissible limit up on Tuesday night.

Many traders believe that silver is due for another move upwards after a period of relative calm with some speculators apparently convinced that it is now under-priced.

The parallel rise in gold helped the upward trend.

On the London Metal Exchange the rise in silver helped reverse the recent decline in copper, and cash wirebars gained £13.75 to £968.75 a tonne, helped by trade buying interest too.

Tin was boosted by a new squeeze on nearby supplies, and a sharp rise in the Penang market to an all-time peak.

The Straits tin price was up by $M 15 to $M 2,090 a picul. In London the cash price surged by £190 to £7,970 a tonne, while the three months quotation was £122.5 up at £7,577.5.

The aluminium cash price on the Metal Exchange breached the £900 a tonne mark for the first time, since the market was launched in October last year, gaining £49.5 to £930.5 a tonne. The three months quotation also rose by £19 to £832.5, but the main impetus behind the rise is a worsening shortage of nearby supplies.

Surplus milk may be poured away

BY ROBIN REEVES, WELSH CORRESPONDENT

IT MAY pay some Common Market creameries to pour milk away rather than trigger the proposed 3 per cent super levy on surplus milk output, according to Mr. Myrddin Evans, president of the Farmers Union of Wales.

Commenting on the Brussels Commission's latest package of proposals for reducing the soaring cost of the Common Agricultural Policy by about £800m, Mr. Evans said that while the union accepted some measures had to be taken to curb over-production of milk, there could be bitter opposition to the severity of the new co-responsibility levy.

The Commission expects EEC milk output next year to increase by the equivalent of 123,000 tonnes of butter and 346,000 tonnes of skimmed milk powder and proposes the cost of disposal be met by a 3 per cent super levy on all the milk passing through creameries which increase their throughput. This would be in addition to a general co-responsibility levy of 1.5 per cent.

"A farmer, through no fault of his own, could be allocated a dairy plant which was in surplus while others were allocated dairies which were not subject to the tax. It might even be more economic for some surplus producing plants to pour away their milk rather than trigger off a tax applied to total throughput," he said.

The union also had strong reservations on compensatory subsidies for small, part-time milk producers and would argue that the levy should apply to all dairy farmers.

Mr. Evans was also very unhappy, on initial reading, at the administrative problems involved in establishing the system of penalising dairy plants, the lack of measures to control imports from non-EEC countries and the failure to make effective use of levy funds to promote markets for milk and dairy products. "In this context more use should be made of the schools milk programme," he said.

Soviet grain shortfall confirmed

By Our Commodities Staff

SOVIET PRESIDENT Leonid Brezhnev has officially confirmed that his country's grain crop fell well short of target this year.

In a speech reported by the official Tass news agency Mr. Breshnev said the USSR harvest totalled 179m tonnes compared with a target figure of 226m tonnes. The outturn was 58m tonnes below last year's record, he said.

This disappointing crop performance has been widely predicted by western agricultural analysts because of the exceptionally cold winter and wet weather during the harvest.

The analysts expect the situation to be aggravated by storage problems. "They are very short on driers," one specialist said. "This means you can knock the Soviet total down by 15-20m tonnes."

In Washington, meanwhile, Mr. Thomas Saylor, a U.S. Agriculture Department official, said the Soviet Union is expected to purchase between 22m and 25m tonnes of U.S. grain in the year which began on October 1.

He told a Senate agriculture sub-committee hearing USSR imports would consist of 6-8m tonnes of wheat and 16-18m tonnes of feedgrains.

● The Australian Wheat Board said the board will begin hedging its wheat export sales to some Asian countries on U.S. markets next month, reports Reuter from Melbourne.

Bigger cotton crop forecast in Pakistan

ISLAMABAD — Pakistan is expected to produce about 4m bales of cotton during the 1979/80 season, starting September 1, against around 2.9m bales last year and a recent U.S. estimate of 2.85m, a Government announcement said.

The Government has directed the Cotton Export Corporation to export 1.5m to 2m bales during the coming season, but the U.S. Agricultural Department recently estimated 1979/1980 exports at 800,000 bales after 250,000 last year.

The export corporation has already purchased 700,000 bales from the new crop for export, much of which has already been contracted, it added.
Reuter.

EEC FARM POLICY

Mrs. Thatcher's trump card

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DURING THE summer of 1962 I interviewed M. Edgar Pisani, at that time De Gaulle's Minister of Agriculture, regarding Britain's application to join the EEC. Once a member of the Community, I asked him, would Britain be able to continue importing Australian wheat and New Zealand butter?

Only if there were no Community supplies—you have to realise that the Community is a Common Market was his reply.

Well Australian wheat no longer appears in Britain these days, and New Zealand butter imports are shrinking and subject to a levy which forms part of Britain's overall payment to the Community. What M. Pisani said still holds good, in France and other EEC countries.

A few days ago I attended a seminar in Paris attended by leaders and officials of French farming organisations. The attendance was reduced because some of the leading personalities were involved in a demonstration in Laon, where 15,000 farmers had been protesting against Britain's attitude to the Common Agricultural Policy over lamb, and in particular over the imports of New Zealand dairy supplies.

When I raised the question of the excessive Budget payments, which Mrs. Thatcher is complaining about, I was told quite firmly that the payment system was enshrined in the Treaty of Rome. Once she signed the document Britain had no option but to obey the rules.

The only way to avoid the payments would be to stop buying from third countries outside the Community. This would have the effect of reducing the surpluses in the EEC as well as the amounts paid over in import levies. The fact that the total cost to the UK balance of payments of buying full-priced Community produce would be the same as now was not mentioned.

Herr Josef Ertl, German Minister of Agriculture, in an interview last week, told me that Britain should abide by the EEC rules, which means in effect that the biggest importers of agricultural produce pay the highest amount in levies. He did not think that Britain should try and change the rules, so soon after joining. Other EEC Ministers, he said, agreed with him.

To some extent the argument over buying in Europe is a red herring. If the 120,000 tonnes of New Zealand butter purchased this year were to be kept out the Common Agricultural Policy would be stuck with even more "mountain" and the European "mountain" would simply fall from the present level of over 600,000 tonnes to around 0.5m tonnes. Supplies of butter and maize imported by Britain are not yet available in Europe, and the UK sugar imports come from the third world countries who are guaranteed access under the Lomé Convention.

When I raised the point about the unfairness of Britain, a food deficit country, having to pay for the storage and disposal of other countries' food surpluses, Mr. Ertl's response was that in a dangerous world the unity of Europe was more important than worrying about who pays what. In any case, Britain is a rich country and has North Sea oil, he added.

It is perfectly true that some of these drawbacks of Britain's entry to the Community were noted during the negotiations for membership But when questions were raised, either during the entry negotiations, or the subsequent referendum, they were swept aside by accusations of anti-Europeanism. It was also stated that it would be far easier to change the rules once Britain became a member.

The fact is that in seeking a lightening of the burden, the British Government is really seeking to reform the Common Agricultural Policy fundamentally by cutting off its money supply. But in this Britain is out of step. The remainder of members, even perhaps Italy, are quite happy with it.

If anything they would like it to be even more restrictive and expensive. Some European politicians may privately agree that something should be done. But in public they are just as firm as their constituents that no aspect of the policy should be whittled away.

If it were, they say, the whole of the Common Market would collapse because the CAP is its lynch pin. They are echoed by the Commission in Brussels whose officials have of course a vested interest in its continuance, otherwise they would have to seek other jobs.

In Dublin then the real issue will be not so much the budget contribution as the end to which it is put. Without the British contribution, and for that matter the captive British market, the CAP would be in deep trouble.

In this Mrs. Thatcher has a trump card. She has the money. In business, because the Common Market is at least as much about business as anything else, having the money is paramount. Once it is gone you have nothing with which to support your side of the argument.

What is needed is not just a token reduction of this year's subscription, but a fundamental reform of the CAP. This is unlikely to get off the ground as long as the main paymaster signs the cheques with good or bad grace. A shortage of funds though could effect a marvellous concentration of the minds of our fellow members.

Grain surplus warning

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

UK CEREAL farmers could face a difficult time in the 1980s as British grain supplies could well exceed market demand, according to Mr. F. T. Rees, EEC co-ordinator of Rank Hovis. Speaking at an ICI conference on the Challenge of the 80s, he said cereal yields were likely to go on rising both in the EEC and elsewhere and the resultant rise in output would rise faster than consumption.

The grain shortages of 1973-1975 were no more than hiccoughs in this steady progression. Britain would be sharing in the surpluses because although on the surface cereals were in deficit in the UK the reality was very different.

Total British grain consumption in 1978-79 was 22.4m tonnes of which 17.3m are produced domestically. Although this was a sizeable deficit on paper imports included 3.5m tonnes of maize and 3m tonnes "hard" wheat neither of which could be grown in Britain.

Mr. Rees suggested that by 1985 crop yields would have increased to the extent that the UK would have an exportable surplus of 3m tonnes of grain. This would probably be matched by a proportionate rise of output in the rest of the EEC as improved yields and techniques were applied.

On the surface, Mr. Rees's analysis looks accurate; the qualifications being a temporary reduction in production due to energy shortage or the weather. It should be a warning to farmers in Britain and Europe who have been turning to cereal growing where possible as the only apparently safe port in an increasingly hostile economic climate.

UK fishing restrictions challenged in court

BY ROBIN REEVES

A FRENCH barrister argued before a Cardiff Crown Court yesterday that the British Government no longer has the right to apply national fishing conservation measures which led to the arrest of Breton trawlers Lebret and Cap D'erquy off Milford Haven, West Wales, in September.

During a day of legal submissions, aimed at persuading the presiding judge, Mr. Tasker Watkins, to refer the case to the European Court at Luxembourg, Maitre Xavier Ghelber of the L'Havre Bar, argued that the Government's right to introduce a national fishing regulation, without the authorisation of a Community institution, expired at the end of last year under the terms of the UK's accession treaty.

Mr. David Vaughan, counsel for the Ministry of Agriculture, argued that Community law generally defined obligations between member-states and did not give individuals the right of appeal to the European Court.

He added that The Hague resolution of the Council of Ministers on fishing laid down that member-governments could take national conservation measures provided they were notified to the Commission.

Mr. Patrick O'Connor, also acting for the defendant, stressed that he and Maître Ghelber were not in any way acting for the French Government. If necessary they would not hesitate to embarrass the French Government, he said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange. After opening at £964 forward metal moved ahead to £974 in the morning sustained by trade buying and the strong performance of silver. A good opening on Comex prompted further buying interest in the afternoon and forward metal reached £985 at one point before reacting on profit-taking to close the late kerb at £978. Turnover 135,000 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £963, 62, 63, 63.5, three months £970, 71, 72, 73, 74, 73, 72, 73.5. Cathodes, cash £936, 35, three months £953, 52, 51. Kerb: Wirebars, three months £973, 72.5, 72, 72.5. Afternoon: Wirebars, cash £969.5, three months £979, 80, 81, 80.5, 80, 79, 78.5, 79. Kerb: Wirebars, three months £977, 74, 73, 76, 77, 76.5, 77, 78.

TIN—Gained further ground. The continuing strength of the Penang market saw forward metal open higher at £7,480 and move up to £7,510 on the pre-market. In the rings renewed demand for cash material widened the backwardation and lifted forward metal to £7,550 before profit-taking pared the price to £7,530 on the morning kerb. In the afternoon prices rose afresh with the backwardation widening to £400 at one point and forward metal as high as £7,590. However, on the late kerb renewed profit-taking entered the market and forward material closed at £7,570. Turnover 1,455 tonnes.

Morning: Standard, cash £7,930, three months £7,510, 20, 30, 35, 40, 45, 40, 30. High Grade, cash £7,950. Kerb: Standard, three months £7,540, 30. Afternoon: Standard, cash £7,970, 60, three months £7,540, 50, 60, 70, 75, 80, 90, 85, 80. Kerb: Standard, cash £7,950, three months £7,580, 90, 70.

LEAD—Firmer in quiet trading. Forward metal traded around £540 on the pre-market and moved up to £544 in the morning rings with the market sustained by the firmness of copper and silver. In the afternoon values held steady with forward metal finally quoted at £543.5 on the late kerb. Turnover 7,450 tonnes.

Morning: Three months £544, 45, 44. Kerb: Three months £543. Afternoon: Three months £544, 44.5, 44, 43, 44. Kerb: Three months £542, 43, 44, 43, 43.5, 43, 44.

ZINC—Higher, along with other metals. Forward metal rose to £341 on the pre-market and held steady throughout the day prior to closing the late Kerb at £341.5. Turnover: 1,550 tonnes.

Morning: Three months £341, 41.5. Kerb: Three months £341. Afternoon: Three months £341, 41.5, 41. Kerb: Three months £341.5.

ALUMINIUM—Sharply higher with the tightening nearby supply situation widening the backwardation to around £90. Forward metal opened at £822 and rose to £835 in the morning. In the afternoon heavy profit-taking pared the price to £822 but fresh buying developed which took forward metal ahead to £830 on the late Kerb. Turnover: 7,475 tonnes.

Morning: Three months £832, 33, 34, 35, 34, 33, 32, 33, 34, 32, 33, 34, 33. Kerb: Three months £832, 31. Afternoon: Three months £834, 35, 34, 34.5, 36, 35, 34, 33, 34, 33, 32. Kerb: Three months £832, 30, 24, 26, 28, 29, 28.

NICKEL — Slightly firmer. Forward metal moved up to £2,850 in the morning but eased thereafter to close the late Kerb at £2,835. Heavy buying of cash material on the second morning ring eliminated the contango and established a backwardation of around £50 at one point but freer offerings in the afternoon led to a re-established contango at the close. Turnover: 1,448 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	2810-30	—25	2800-20	+20
3 months	2835-40	—15	2820-50	+17.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £2,820, three months £2,845, 40, 35, 40, 45, 50, 45, 30, 40. Afternoon: Three months £2,830, 20. Kerb: Three months £2,820.

SILVER

Silver was fixed sharply higher at yesterday's fixing at 829.45p, a rise of 58.05p an ounce from Tuesday's fixing. The metal rose on short-covering, and rumours that the U.S. authorities may increase its silver reserve. U.S. equivalents of the fixing levels were: spot 1,797.0c, up 125.8c; three-month 1,844.7c, up 126.0c; six-month 1,874.0c, up 127.1c; and 12-month 1,951.0c, up 126.8c. The metal opened at 805-815p (1,725-1,745c) and closed at 835-845p (1,810-1,830c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	829.45p	+58.5	846.0p	+55.5
3 months	858.45p	+58.5	869.5p	+55.5
6 months	876.45p	+59.5	—	.....
12months	922.45p	+59.5	—	.....

LME—Turnover 215 (327) lots of 10,000 ozs. Morning: three months 860.

COCOA

A little easier at the opening futures drifted during the day within a narrow range closing £10 below Tuesday evening. The near position remained steady however on continuing concern over West African producer stockpiling whilst the origins themselves again were absent as sellers, reported Gill and Duffus.

Sales: 3,100 (4,058) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Nov. 27: 144.52 (143.45). Indicator price Nov. 28: 15-day average 136.95 (136.20); 22-day average 134.60 (133.91).

COFFEE

After opening slightly higher on good trade buying chart resistance selling around £1,905.0 basis, January somewhat dampened the upward momentum and prices drifted back gradually to unchanged levels before consolidating in very narrow range, reported Drexel Burnham Lambert. Fresh selling during mid-afternoon pushed values to the lows of the day, but was generally outweighed by trade buying to keep the market buoyant throughout before finishing with marginal losses.

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
November	1858-59	+0.5	1869-55
January	1892-93	—6.0	1905-90
March	1773-75	—3.5	1785-72
May	1721-22	—7.5	1738-20
July	1702-04	—9.0	1723-04
Sept	1690-96	—9.0	1707-96
November	1675-1700	—	—

Sales: 4,079 (4,276) lots of 95 tonnes.

ICS indicator prices for Nov. 27 (cents per pound): Other Mild Arabicas 208.33 (207.33). Robustas ICA 1976 180.50 (179.75). ICA 1968 180.75 (180.00). Unwashed Arabicas 214.50 (same). Comp. daily ICA 1968 201.64 (201.06). Sales: 4,086 (3,486).

GRAINS

The market opened 15-20p lower on renewed physical offerings and there was steady hedge sellers who forced values up to 30 points lower, where good commercial support was evident. In good two-way trading, the aftemoon session saw strong comercial exchanges in the May option on barley and the market closed steady between 15-25 points lower with wheat slightly steadier than barley. New crops remained unchanged in quiet conditions, reported Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Jan	96.80	—0.20	93.65	—0.15
Mar.	101.20	—0.25	98.10	—0.15
May.	105.20	—0.15	102.00	—0.20
Sept	98.40	—0.05	95.20	......

Business done—Wheat: Jan. 96.85-96.75, March 101.30-101.15, May 105.20-105.10, Sept. 98.40-98.35. Sales 171 lots of 100 tonnes. Barley: Jan. 93.65-93.60, March 98.10-98.05, May 102.10-101.95, Sept. 95.25-95.20. Sales 428 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent Nov. 102.25, Dec. 103.75, Jan. 109.65 transhipment East Coast. U.S. Hard Winter 13½ per cent Jan. 107.25 transhipment East Coast. EEC unquoted. Maize: U.S./French Nov. 117, Dec. 118 transhipment East Coast. S. African White unquoted. S. African Yellow Dec./Jan. 79.25. Barley: English Feed fob Dec. 95.50, seller, Jan./March 100.00 seller.

HGCA—Locational ex-farm spot prices. Other Milling Wheat: Eastern 99.00, E. Midlands 98.00, N. East 96.50, Scotland 102.00. Feed barley: Eastern 90.90, E. Midlands 90.30, N. East 91.00, Scotland 89.60. The UK Monetary Coefficient for the week beginning Monday December 3 (based on HGCA calculations using 5 days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier with little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 288 (291) cents a kg (buyer, December).

Sales: 244 (194) at 15 tonnes.

Physical closing prices (buyer) were: Spot 64.50p (64.75p); Jan. 65.75p (66.25p); Feb. 66.75p (67.25p).

SOYABEAN MEAL

The London market opened around unchanged on commission house buying, which was met with trade selling following easier cash markets, reported T. G. Roddick. The afternoon session saw prices drift on further trade selling and the market finished with losses of 50p-£1.20.

	Yest'rd'y Close £ per tonne	+ or —	Business Done
December	127.50-28.5	—0.55	128.80-28.00
February	128.50-28.7	—0.50	127.38-28.50
April	125.80-25.2	—1.45	125.58-26.08
June	124.50-25.5	—1.25	—
August	125.50-27.5	—0.75	—

Sales: 112 (80) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £162.00 (£157.00) a tonne cif for Nov.-Dec.-Jan. shipments. White sugar daily price was £180.00 (£179.00).

Renewed concern over the prospects for the USSR beet crop provoked short-covering which allied to the strength of precious metals deterred sellers so that gains of some £2.50 from overnight levels were quickly achieved with further gains of £2.00 being recorded later. However, New York failed to break through the previous resistance area at 16.00 basis March and the market fell back but rallied again at the close, reported C. Czarnikow.

Sales: 5,517 (5,924) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 181.45, 181.75; Aug. 181.50, 181.85; Oct. 181.25, 181.50; Jan. 180.25, 181.00; March 181.50, 182.00; May 180.00, 181.25.

Sugar Pref. Comm. Con.	Yester-day's Close £ per tonne	Previous Close	Business Done
Dec.	186.00-88.00	166.00-64.00	188.08-84.00
March	182.80-83.80	178.00-78.10	184.50-77.50
May	182.60-85.00	178.55-78.45	185.08-77.75
Aug.	182.50-82.75	178.40-79.00	185.25-77.75
Oct.	18.265-82.95	178.70-78.00	185.55-80.50

Sales 240 (172).

LONDON WHITE SUGAR—Close (in order buyer, seller only). Feb. 180.00, 182.00: April 184.00, 190.00; July 188.00, 195.00; Sept. 189.00, 196.00; Nov. 190.00, 197.00; Feb. 194.00, 201.00; April 197.00, 205.00.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £248.50 (£242.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for November 27. Daily price 13.78 (13.88); 15-day average 13.78 (13.88).

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 28 1979	+ or —	Month ago
Metals			
Aluminium	£750/70	......	£750/68
Free Mkt (cs)	$1708/1750	......	$1750/80
Copper			
Cash w'bar	£968.75	+15½	£950
3 mths	£978.75	+9.25	£974.5
Cash Cathode	£939	+7.5	£945
3 mths	£956	+9	£958
Gold troy oz	$409.5	+14.87	$382.5
Lead cash	£560	+5.5	£579
3 mths	£542.5	+8	£573.5
Nickel	£3,185.22	......	£3,088.62
Freemkt(cif (lb)	280/288c	......	265/280c
Platin'mtr'y oz	£176.5	......	£181.0
Free mkt	£243.65	+10.9	£231.15
Quicksil'ver	$330/350	......	$305/315
Silver troy oz	829.45p	+58.05	799.20p
3 months	858.45p	+58.55	816.70p
Tin Cash	£7,970	+190	£7,630
3 mths	£7,577.5	+122.5	£7,385
Tungsten	$142.40	......	$143.47
Wolfrm 22.04 cif	$132.50/138	......	$140/144
Zinc cash	£352.875	+5.875	£322.5
3 months	£341.25	+5.75	£328
Producers	$760	......	$760
Oils			
Coconut (Phil)	$925.0r	......	$925.0
Groundnut	‡	......	‡
Linseed Crude	£421	......	£413
Palm Malayan	$645.0t	+5	$605.0
Seeds			
Copra Philip	$610	......	$605
Soyabean(U.S.)	$296.50u	+1.0	$276.0
Grains			
Barley Futures	£98.10	—0.15	£96.75
Maize			
French No3AM	£117	......	£114.50
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£107.25t	—0.5	£108.75
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship.t	£1,622	......	£1 498
Future Mar.	£1,505.5	—10	£1,415.5
CoffeeF't'rJan.	£1,892.5	—6	£1,785.5
Cotton A.Index	80.25c	—0.7	78.15c
Rubber (kilo)	64.50p	—0.25	61.25p
Sugar (Raw)	£162.0	+5	£151.0
Wooltp's 64s kl	280p kilo	......	290p

*Nominal. † Newcrop. ‡ Unquoted. q Nov. r Nov.-Dec. s Dec. t Jan. u Feb. z Indicator. § Buyer.

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only). Dec. 218.0, 238.0; March/May/July/Oct./Dec/Mar./May 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). Dec. 200.0, 210.0; March/May/July/Oct./Dec./March/May 197.0, 202.0.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron contract: Dec. 408.0, 410.0, 417.5-408.0, 65; March 433.0, 434.0, 441.5-433.0, 241; May 445.5, 446.0, 453.5-444.0, 267; July 452.0, 453.0, 460.03-452.0, 175; Oct. 455.0, 456.0, 461.5-455.0, 64; Dec. 455.0, 466.0, 462.0-456.0, 49; March 458.0, 460.0, 463.0-461.0, 11; May 459.0, 461.0, 469.0-460.0, 12. Sales: 884.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes, bringing the total for the week so far to 491 tonnes. Slow trading persisted with only scattered purchases. Many users adopted a cautious policy with limited operations in American and African qualities.

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MEAT COMMISSION—Average fatstock prices at representative markets on November 28. GB cattle 75.76p per kg lw (+1.72). UK sheep 117.4p per kg est. dcw (+2.3). GB pigs 71.1p per kg lw (−4.7). England and Wales: Cattle numbers up 2.5 per cent average price 74.72p (+1.76). Sheep numbers up 10.9 per cent average price 15.9p (no change). Pig numbers up 13.3 per cent average price 71.1p (−4.8). Scotland: Cattle numbers up 15.3 per cent average price 78.59p (+1.21). Sheep numbers down 21.9 per cent average price 113.1p (+3.3). Pig numbers up 29.0 per cent average price 68.9p (−2.0).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 60.0 to 65.0, Eire hindquarters 77.0 to 80.0, forequarters 42.0 to 44.0. Veal: Dutch hinds and ends 106.0 to 111.0. Lamb: English small 44.0 to 52.0, medium 42.0 to 48.0, heavy 38.0 to 43.0, Scotch medium 40.0 to 48.0, heavy 32.0 to 43.0; Imported frozen 32.0 to 43.0. NZ PL 51.5 to 52.0.

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GRIMSBY FISH—Supply: fair, demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.40-£4.40. Large haddock £4.00-£5.00, medium £3.00-£4.50, small £2.60-£3.10. Large plaice £5.00-£6.00, medium £4.20-£5.00, best small £4.30-£5.20. Skinned dogfish (large) £8.00, (medium) £7.00. Lemon soles (large) £12.00, (medium) £9.50. Rockfish £2.50-£3.20. Reds £1.65-£2.50. Saithe £1.75-£3.20.

EUROPEAN MARKETS

ROTTERDAM, November 28.

Wheat—U.S. No. Two Dark Hard Winter Wheat 13.5 per cent Jan. $211, Jan. $213, Feb. $215, March $217. U.S. Hard Winter Wheat ordinary unquoted. U.S. No. Two Red Winter Wheat Jan. $204, Feb. $206, March $208. U.S. No. Three Northern Spring Wheat 14 per cent Jan. $220, Feb. $222, March $224, April/May $224. Wheat $205, Jan. $217, Feb. $224, March $226, April/May $204, June $204, July $205.

Maize—U.S. No. Three Corn Yellow April $145, Nov. $143.50, Dec. $143.50, Jan./March $151, April/June $154.50, July/Sept. $157, Oct./Dec. $159 sellers, with Jan./March $150.5 traded.

Barley—Unquoted.

Soyabeans—U.S. Two Yellow Gulfports all Nov./Dec. $278, Jan. $283.25, Feb. $290, March $292, April $295, May $296, June $300, July $301, August $303, Sept. $304, Oct. $304.50, Nov. $305, Dec. $309.50. Brazil Yellow fsq unquoted. Argentine May $291, June $291.50, July $292, August $295.50.

Soyameal—44 per cent protein U.S. all $261, Nov. $261, Dec. $258, Jan./March $257, April/Sept. $255. Brazil Pellets all $272, Dec. $272, March $262, April/May $255, April/Sept. $257.

PARIS, November 28.

Cocoa (FFr per 100 kilos)—Dec. 1340/1360, March 1310/1318, May 1305/1315, July 1305, Sept. 1340/1370, Dec. 1350/1370. Sales at call: 2.

Sugar (FFr per 100 kilos)—March 1579/1581, May 1580/1592, July 1585/1600, August 1595/1630, Oct. 1600/1640, Nov. 1586/1640, Dec. 1610/1660, March 1625/1670. Sales at call: 2.

AMERICAN MARKETS

NEW YORK, Nov. 28.

LIMIT ADVANCES in silver took place in anticipation of tight deliveries on the December contracts and in response to the Middle East situation. Gold finished at significantly higher reacting mostly to the lack of stability in Iran. Copper advanced sharply on speculative buying. Cocoa was depressed by producer selling and commission house liquidation. Coffee traded lower on a total lack of interest. Split over buying from producers. Sugar was pushed higher by Sri Lanka was responsible for a good rally in sugar. Lack of deliveries and confirmation of further sales to China supported cotton at higher levels. The livestock complex came under heavy pressure because of a weaker cash market in lard. A short covering rally on the close in grains resulted in a mixed close in grains and fractional losses in soyabeans, Heinold reported.

Potatoes (round whites)—March 74.5-74.7 (74.2), April 86.2-86.5 (86.8), May 98.6-98.8. Nov. unquoted. Sales 1,182.

Tin—£99-£60 asked (798.00-803.00).

CHICAGO, Nov. 28.

Lard—Chicago loose 22.50 (23.25). New York prime steam unavailable.

Live Cattle—Dec. 67.45 (68.95-67.45), Jan. 70.00-69.90 (71.27-69.95), Feb. 71.80-71.70, April 72.80-73.00, June 73.90-73.70, August 73.15-73.20, Oct. 72.00, Dec. 73.00. Sales 34,295.

Live Hogs—Dec. 41.35-41.20 (42.25-41.27). Feb. 43.32 (44.82-43.32), April 40.90-40.97, June 44.35-43.80, July 44.75, August 44.20, Oct. 42.80, Dec. 43.70, Feb. 45.55. Sales 10,103.

Pork Bellies—Feb. 50.65 (52.65-50.65), March 51.02 (53.02-51.02), May 52.67, July 53.92, August 52.72. Sales 5,140.

Silver—Dec. 1830.0 (1686.0), Jan. 1786.0 (1726.0), Feb. 1802.5, April 1841.5, June 1876.0, August 1904.5, Oct. 1933.0, Dec. 1961.5, Feb. 1990.0, April 2018.5, June 1047.0, August 2075.5, Oct. 2104.0, Dec. 2132.5, Feb. 2161.0, April 2189.5, June 2218.0, August 2246.5.

‡Soyabeans—Jan. 658-667 (671½), March 680-685 (693½), May 706-708, July 711-723, August 729, Sept. 731, Nov. 737, Jan. 753.

§Soyabean Meal—Dec. 193.30-193.20 (194.90), Jan. 195.20-194.00 (195.40), March 194.80-194.90, May 196.80, July 198.30-198.80, August 201.30-201.50, Sept. 203.30, Oct. 204.50-205.00, Dec. 207.50, Jan. 208.00-209.00.

Soyabean Oil—Dec. 26.30-26.29 (26.80), Jan. 25.80-25.85 (25.87), March 25.45-25.50, May 25.30-25.35, July 25.45-25.50, August 25.45, Sept. 25.45, Oct. 25.45, Dec. 25.75, Jan. 25.65-25.70.

‡Wheat—Dec. 425½-425 (425½), March 448½-447½ (448½), May 452½-453, July 435.

WINNIPEG, November 28. §Barley—Dec. 116.20 (116.90), March 116.20 (116.80), May 115.40, July 114.60, Oct. 113.40.

Copper—Dec. 94.90-95.10 (93.50), Jan. 94.40 (92.50), March 94.80-95.30, May 95.00-95.50, July 95.00, Sept. 95.30, Dec. 97.00, Jan. 96.90, March 96.40, May 96.80, July 97.20, Sept. 97.60.

*Silver—Dec. 1825.0-1835.0 (1680.5), Jan. 1742.2 (1702.2), March 1870.1, May 1895.0, July 1922.3, Sept. 1871.0, Dec. 1912.9, Jan. 1927.3, March 1954.3, May 1981.3, July 2008.3, Sept. 2035.3. Sales 8,500. Handy and Harman bullion spot 1815.00 (1686.00).

*Gold—Dec. 410.00-412.00 (398.20), Jan. 416.10 (403.30), Feb. 422.00-423.50, April 433.00-434.00, June 442.30-443.00, August 452.50, Oct. 463.70, Dec. 468.00, Feb. 475.30, April 483.30, June 491.60, August 499.70. Sales: 42,000.

*Platinum—Dec. unquoted (unquoted), Jan. 527.00-531.00 (517.40), April 530.00-532.00, July 534.50, Oct. 539.50, Jan. 543.40, April unquoted. Sales: 3,058.

§Wheat—SCWRS 13.5 per cent protein content clif St. Lawrence 243.05 (242.80).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. † Cents per dozen.

INDICES

FINANCIAL TIMES

Nov. 27	Nov. 26	M'nth ago	Year ago
295.29	294.83	290.92	263.63

(Base: July 1, 1952=100)

MOODY'S

Nov. 27	Nov. 26	M'nth ago	Year ago
1163.3	1156.6	1154.6	981.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 27	Nov. 26	Month ago	Year ago
Spot	413.61	411.59	399.49	362.51
Ftur's	423.29	421.08	400.50	361.51

(Average 1924-25-26=100)

REUTERS

Nov. 28	Nov. 27	M'nth ago	Year ago
1689.5	1687.3	1676.3	1516.3

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Business fails to increase on extended equity rally
Gilts mixed after firm start—Golds strong with bullion

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 19	Dec. 6	Dec. 7	Dec. 17
Dec. 10	Dec. 20	Dec. 27	Jan. 7
Dec. 28	Jan. 10	Jan. 11	Jan. 21

* "New time" dealings may take place from 9.30 am two business days earlier.

Hopes for the resumption of normal working at BL pending the outcome of an inquiry into the dismissal of Mr. Derek Robinson encouraged an extension of Tuesday's technical recovery in equity markets. However, no worthwhile increase in business activity developed with most institutional sources still reluctant to commit their funds in the present economic climate.

For this reason, the leaders failed to consolidate on an opening mark-up and early small buying in leading shares. In most cases, subsequent scattered selling pared the initial gains. Secondary stocks continued to attract demand on a selective basis and those with North Sea interests were again especially active. Oil Exploration and LASMO remained prominent in this respect and both rallied after recent weakness on the withdrawal of the unnamed third-party bidder for OilEx.

The movements in the FT 30-share index well illustrated the subdued nature of trade in the equity leaders. At the 10 am calculation, the index was 5.3 up and five hours later the improvement had been extended by only 0.4 to 5.7 before slight late easiness in many leaders brought a close of 4.4 higher on the day at 416.9.

Publicity given to views that the current easier trend in U.S. commercial banking rates may be a false dawn discouraged fresh support of Government stocks. Applications for the new long tap stock, Treasury 14 per cent 1998/2001, were met in full but this was no more than the market had expected; dealings in the £20-paid issue begin today.

Business started with quotations at the higher levels ruling late the previous evening, but investment demand was inhibited by the imminence of the new tap stock. An easier trend developed in the longs which saw gains to ¼ erased and in a few instances, replaced by isolated losses. Short- and medium-dated maturities were more resilient and maintained rises extending to ¼ after a reasonable two-way trade.

A strong advance in South African Gold shares brightened a rather sluggish session in stock markets. Demand on an international scale was drawn by yesterday's upsurge in the bullion price and several heavyweight Golds scored gains to a full point. The overall firmness was measured by a jump of 13.0 in the FT Gold Mines index to 228.9.

With the November series due to expire shortly, Traded options recorded an exceptional 1,193 trades with RTZ, 212, Imperial 132, and EMI, 155, all attracting a useful demand, while renewed bid speculation prompted an active trade in Cons. Gold Fields with 249 deals. It was announced that the Stock Exchange Council have decided to withdraw the BOC International class of Traded options and replace it with another class to be announced shortly.

Banks quietly firm

The major clearing banks passed a quietly firm session. Barclays added 5 to 400p and Lloyds 3 to 278p. Apart from Hill Samuel Warrants, which halved in value to 10p, merchant banks closed also firmer for choice. Hambros, a rising market of late following favourable interim figures, put on 4 afresh to 266p, while Corinthian gained 3 to 26p and Antony Gibbs edged forward a penny to 41p. Hire Purchases finished with modest gains, further consideration of the half-yearly results leaving Moorgate Mercantile up a penny further to 13p. Wagon Finance closed similarly better at 34p.

Occasional support left Composite Insurances higher. Phoenix put on 4 to 208p and Eagle Star 3 to 135p, while General Accident, 206p, and GRE, 214p, hardened 2 apiece.

Breweries attracted support and recorded modest gains. Allied rose 1½ to 79p on further consideration of the interim results, while Bass put on a couple of pence to 208p and Arthur Guinness improved 4 to 168p. Among regional issues, Buckley's firmed a penny to 48p following the increased first-half profits, but higher annual profits failed to inspire Matthew Brown which held at the overnight level of 130p. Morland added 2 to 82p on the annual report, while Vaux rose 3 to 128p; the latter's annual results are expected on December 13. The Seagrams bid for Sandeman, unchanged at 146p, continued to direct speculative attention towards companies with similar interests; Matthew Clark added 6 more to 146p, while Luis Gordon hardened 2 to 42p. Reports of a coming price increase helped Distilleries; Arthur Bell advanced 4 to 168p and Highland spurted 6 to 99p, the latter on speculative demand.

Buildings were featured by a gain of 11 to 157p in BPB following the excellent half-yearly results and the chairman's confident remarks. Other leading issues encountered a reasonable two-way business. Blue Circle settled 4 higher at 234p and Tarmac 7 up at 189p, while Tunnel B, awaiting interim results today, firmed 8 to 288p. Construction industry suppliers Redland picked up 4 to 173p, while Brown and Jackson improved 5 to 180p. J. Smart (Contractors) revived with a gain of 2 to 35p and Y. J. Lovell added 4 to 96p, the latter in a thin market. On the appearance of small buyers, the Timber sector staged a rally from recently depressed levels with Magnet and Southerns firming 10 to 135p and Montague L. Meyer improving 5 to 78p.

Trading in ICI followed the previous day's pattern with the shares touching 362p in early dealings before drifting back to close a net 3 up at 358p.

Comet Radiovision up

Comet Radiovision Services highlighted Stores with a rise of 10 to 139p in response to the sharp increase in annual earnings and the proposed 50 per cent scrip-issue. Demand in front of today's interim results left Wearwell up 4 for a two-day improvement of 7 at 51p, while Cramphorn, dealt under Special Rule, found renewed support at 37p, up 10. [illegible] revived with a rise of 8 to 133p, while B. Paradise, 26½p, and H. Samuel A, 133p, put on 3 apiece. The Board's cautious remarks about second-half prospects outweighed the favourable first-half profits performance of S. and U. which eased a fraction to 17p. Fresh consideration of the enfranchisement proposals left Burton Ordinary and A 4 higher at 256p and 226p respectively while, still awaiting news of the possible sale of its Harvey Nichols store in Knightsbridge, Debenhams edged forward a penny more to 65p, after 66p. A depressed market of late on fears that the forthcoming interim results would be bad, Wallis requested a suspension of dealings with the shares at 33p prior to a later announcement that the company is in discussions with a substantial UK public concern which might lead to an outright offer for Wallis.

Among the Electrical leaders, Thorn made fresh progress and closed 9 dearer at 314p, but GEC ended only a penny up at 337p, after touching 341p. Secondary issues recorded some useful gains. Kode encountered further support and put on 9 to 198p, while United Scientific closed similarly higher at 325p. Rises of 6 were marked against STC, 234p, and Eurotherm, 274p. Speculative demand lifted Dreamland 7 to 54p. Wholesale Fittings improved 10 to 400p, while late support left H. Wigfall 13 up at 203p. Muirhead closed unaltered at 265p, after 270p; the company announced yesterday that the Board meeting due to be held today had been postponed until late January.

Assisted by favourable Press mention, Vickers encountered small support and improved 6 to 109p. Other leading Engineers were also inclined firmer, John Brown rising 2½ to 57p, Hawker 4 to 160p and Tubes 2 to 262p. Selective support was evident in secondary issues where R. Elliott featured with a rise of 14 to 212p in response to good half-yearly results. Matthew Hall rallied 6 further to 146p and Simon Engineering improved a similar amount to 210p.

Modest gains in Foods were sometimes extended in the late dealings. Steady to firm for most of the session, United Biscuits picked up 3 to 80p, while Tate and Lyle added 4 to 149p and British Sugar improved 3 to 143p. Rowntree Mackintosh and Unigate hardened a couple of pence apiece to 168p and 104p respectively.

Hanson Trust rise

News that the group's £75m bid for Barber Oil of New York has failed because of problems caused by U.S. shipping laws helped Hanson Trust rise 9 to 124p in a generally firm miscellaneous industrial sector. Johnson Matthey became a late firm feature, rising 12 to 202p on the better-than-expected first-half results, while favourable interim figures prompted a rise of 5 to 63p in Renwick. Still responding to favourable trading news, J. H. Fenner put on 7 afresh to 111p, while Wilkinson Match gained 7 to 142p and Office and Electronic 12 to 220p, both on revived speculative support. Securicor were supported at 80p, up 6, and Security Services hardened 3 to 95p in sympathy. Booker McConnell put on 5 to 267p and Aaronson Bros. advanced 4 to 65p. Details of the profits setback and dividend omission clipped 6 from "W" Ribbons to 32p. British Cargo Airlines fell 5 for a two-day relapse of 17 to 70p and the 6 per cent Convertible Preference declined 15 to 105p on further consideration of the Board's rationalisation plans. Among the leaders, Glaxo encountered a flurry of early buying which took them to 416p before a close of 410p, up 7 on balance.

Adverse Press comment on the outlook for casino profits clipped 4 from Ladbroke to 143p and left Coral Leisure a couple of pence cheaper at 62p. Samuelson Film Service, at 150p, gave back 5 of the previous day's gain of 15 that followed the annual results. In Televisions, Grampian A gave up 2 to 23p, after 21p, on the sharply lower half-yearly profits.

The prospect of normal working at BL helped Lucas to a rise of 4 at 216p.

News International featured Newspapers with a rise of 11 to 141p. Daily Mail A closed 3 up at 426p, but other issues traded quietly and were rarely altered. In Paper/Printings, Geers Gross added a penny to 45p following the interim statement, while demand in a thin market lifted Saatchi and Saatchi 12 to 126p and Mills and Allen 11 to 268p.

Although trading in Properties remained light, sporadic small buying and lack of selling prompted a gain of 7 to 253p in Land Securities and one of 5 to 148p in MEPC. Elsewhere, interest was shown in Percy Bilton which put on 9 to 137p, while North British Properties, still reflecting Sun Life's increased stake in the company, added 3 more to 123p.

Siebens advance

Interest in the Oil sector faded considerably and, after a slightly firmer start, prices tended to drift lower on lack of fresh support. British Petroleum, awaiting today's third-quarter results, closed 2 cheaper at 378p, after 384p, with the partly paid new shares unaltered at 172p, after 176p. Shell finished a few pence lower at 348p. Outside the leaders, Tricentrol gave up 5 to 275p and Ultramar 4 to 394p. Oil Exploration rallied 6 to 652p after the recent slump on the abortive bid talks with a third party, but merger partner Lasmo closed unaltered at 348p. Siebens moved against the trend at 354p, up 30p: the advance was thought to have been prompted by a broker's circular.

Trusts maintained a firmer trend, rises of a few pence being recorded in Alliance, 94p, Group Investors, 58p, and Monks, 44½p. Among Financials, dealings resumed in Dawnay Day which opened at 60p following overnight news of the agreed bid of 60p cash from Hume holdings and touched 67p before ending at *64p following the announcement* that Britannia Arrow is considering making an alternative offer.

Trading statements again attracted attention in a subdued Textile sector. Hicking Pentecost rose 4 to 107p on the sharply higher first-half profits, but Shaw and Marvin eased 1½ to a 1979 low of 16p following the lapse into a small loss at the interim stage.

Golds surge ahead

South African Gold shares staged a broad advance in line with the bullion price which rose $14.875 to $409.50 an ounce.

The sharemarket opened on a steady note but quickly moved ahead as the metal price broke through the $400 level.

Thereafter, buying demand was persistent and heavy with *interest reported from all international centres.* Little profit-taking was encountered and prices generally closed at the day's best. The Gold Mines index registered a rise of 13.0 to 228.9.

Heavyweights rose by as much as a point with President Brand, £13½, Randfontein, £22¼, Vaal Reefs, £21 and Western Holdings, £19½, all around that much better. In the medium and lower-priced issues, East Driefontein put on 69 to 879p, Libanon 57 to 756p and Grootvlei 26 to 294p.

The heavy buying of Golds spilled over into Financials where Anglo American Corporation rose 30 to 440p; the shares were additionally buoyed by favourable Press comment on the sharply higher interim profits and dividend.

Gold Fields of South Africa put on £1½ to a 1979 high of £25¼; parent company Consolidated Gold Fields surged ahead on renewed bid speculation to close 15 to the good at 348p, after a 1979 high of 350p; heavy buying from Johannesburg was again reported.

Other London Financials were well supported with Rio Tinto-Zinc and Charter Consolidated both around 6 firmer at 305p and 179p respectively.

Firmer precious and base-metal prices coupled with a further rise in overnight domestic markets prompted widespread, generally modest, gains in Australians.

Gold issues were particularly wanted with Gold Mines of Kalgoorlie 9 up at 136p and Poseidon 4 better at 75p.

However, news that the strike at the mine is continuing depressed Bougainville which dipped 2 to 107p.

FINANCIAL TIMES STOCK INDICES

	Nov. 28	Nov. 27	Nov. 26	Nov. 23	Nov. 22	Nov. 21	A year ago
Government Secs.	64.55	64.56	64.09	64.48	64.51	64.63	68.53
Fixed Interest	65.55	65.49	65.43	65.60	65.58	65.70	69.98
Industrial	416.9	412.5	407.1	408.6	411.0	413.0	482.0
Gold Mines	228.9	215.9	219.7	216.1	216.8	213.7	134.1
Ord. Div. Yield	7.76	7.81	7.93	7.87	7.82	7.79	6.90
Earnings, Yld. % (full)	18.75	16.88	19.15	19.19	19.12	19.06	15.49
P/E Ratio (net) (*)	6.57	6.52	6.45	6.41	6.45	6.46	8.34
Total bargains	17,035	18,938	16,469	16,430	16,102	15,551	—
Equity turnover £m	—	80.42	71.93	73.93	88.90	72.73	55.35
Equity bargains total	—	10,677	11,276	11,420	11,626	10,965	16,655

10 am 417.8. 11 am 418.1. Noon 417.6. 1 pm 417.8.
2 pm 418.0. 3 pm 416.2.
Latest Index 01-248 8026.
*Nil=6.32.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.31 (15/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	260.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 28	Nov. 27
—Daily		
Gilt Edged	155.8	194.7
Industrials	115.6	100.2
Speculative	31.7	31.7
Totals	88.2	85.8
5-d'y A'vr'ge		
Gilt Edged	169.2	176.4
Industrials	113.3	99.6
Speculative	31.0	32.2
Totals	80.9	81.8

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	325	68	5	78	8	—	—	381p
BP	350	44	1	50	7	—	—	"
BP	375	27	23	37	8	—	—	"
BP	400	[illegible]	[illegible]	[illegible]	[illegible]	42	2	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	100	1½	1	1	—	1	—	"
Imperial Gp.	110	½	33	—	—	—	—	"
RTZ	260	46	6	58	—	72	—	305p
RTZ	280	26	8	42	—	55	—	"
RTZ	300	6	35	27	—	44	—	"
RTZ	330	½	22	15	5	30	—	"
RTZ	360	½	154	—	2	—	—	"
Totals			492		—		16	

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (8)

[illegible]

NEW LOWS (33)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	22	8	56
Corpns. Dom. and Foreign Bonds	15	2	49
Industrials	367	104	911
Financial & Prop.	243	27	231
Oils	7	13	20
Plantations	6	—	22
Mines	82	14	55
Others	57	38	58
Totals	819	208	1,404

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Nov. 28, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (ACT at 30%)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Nov. 27 Index No.	Mon., Nov. 26 Index No.	Fri., Nov. 23 Index No.	Thur., Nov. 22 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	209.90	+1.4	20.59	7.33	6.17	206.98	204.30	204.83	204.95	236.08
2 Building Materials (27)	202.29	+2.8	19.83	6.96	6.51	196.86	194.57	192.52	196.07	202.81
3 Contracting, Construction (29)	326.01	+0.8	28.32	7.36	4.37	323.50	320.54	322.13	321.65	374.24
4 Electricals (15)	548.58	+0.6	14.77	4.26	9.05	545.22	534.32	534.94	533.58	547.69
5 Engineering Contractors (11)	272.96	+1.2	26.41	9.30	4.50	269.82	267.87	267.59	268.71	374.93
6 Mechanical Engineering (74)	142.03	+1.6	23.58	8.98	5.28	139.82	138.29	138.80	139.15	185.20
8 Metals and Metal Forming (16)	138.63	+1.7	23.38	10.84	5.20	136.33	135.76	136.06	135.98	165.11
CONSUMER GOODS										
11 (DURABLE) (52)	202.86	+2.5	18.23	5.93	6.80	197.95	194.08	196.71	196.52	208.20
12 Lt. Electronics, Radio, TV (15)	286.64	+3.1	14.10	4.39	9.09	277.96	272.52	275.10	274.56	258.64
13 Household Goods (14)	113.20	+0.4	26.74	9.46	4.53	112.78	112.26	112.75	113.44	174.63
14 Motors and Distributors (23)	100.38	+1.4	26.26	8.85	4.56	98.96	98.10	99.14	99.11	122.73
CONSUMER GOODS										
21 (NON-DURABLE) (171)	207.06	+0.7	19.05	7.13	6.51	205.72	202.93	203.67	204.71	210.61
22 Breweries (14)	257.47	+1.2	17.12	6.30	6.99	254.46	252.17	252.53	252.72	227.44
23 Wines and Spirits (6)	312.06	+1.4	17.86	5.87	6.92	307.88	298.82	301.14	302.80	286.92
24 Entertainment, Catering (17)	275.13	+0.5	17.42	6.81	7.47	273.75	267.67	270.44	272.71	265.19
25 Food Manufacturing (19)	190.10	+1.1	20.73	7.65	5.95	188.01	185.79	186.39	187.42	206.34
26 Food Retailing (15)	269.68	+1.3	14.36	4.80	9.67	[illegible]	[illegible]	[illegible]	[illegible]	225.23
32 Newspapers, Publishing (12)	386.12	+1.8	24.59	7.54	5.62	379.36	376.71	378.81	377.81	378.15
33 Packaging and Paper (15)	113.92	−0.2	26.67	9.96	4.94	114.14	112.35	113.87	113.14	136.21
34 Stores (41)	196.57	+0.3	15.61	5.71	8.50	195.95	193.57	194.12	194.21	197.42
35 Textiles (25)	131.69	−0.2	28.61	10.77	4.07	[illegible]	[illegible]	[illegible]	[illegible]	179.89
36 Tobaccos (3)	[illegible]	[illegible]	27.60	10.79	4.09	[illegible]	[illegible]	[illegible]	[illegible]	299.76
37 Toys and Games (6)	50.80	−0.5	32.22	14.10	3.92	51.06	51.06	51.21	50.67	95.79
41 OTHER GROUPS (96)	184.18	+1.1	16.95	7.22	7.24	182.20	179.92	180.07	181.26	198.38
42 Chemicals (18)	275.21	+0.8	17.65	7.14	6.94	273.08	270.38	269.11	273.32	281.66
43 Pharmaceutical Products (7)	227.29	+2.9	15.13	5.21	6.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	104.94	+1.7	19.18	8.34	6.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	404.21	+0.9	13.32	7.98	9.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (57)	210.84	+1.1	18.68	7.28	6.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (493)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (7)	749.61	−0.5	15.08	4.42	7.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	250.98	+0.7	18.03	6.92	6.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	171.03	+0.9	—	6.42	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	206.02	+0.6	39.93	6.22	3.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	155.91	+0.9	22.72	5.58	5.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	147.13	+1.1	—	7.35	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (8)	114.30	+0.6	—	8.52	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	28.32	7.35	7.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	85.47	+0.7	—	6.97	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (44)	297.09	+1.7	4.34	3.55	33.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	116.51	+1.4	16.30	7.77	7.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (109)	184.89	+1.3	—	6.51	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	169.22	+3.9	15.01	5.76	8.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	311.98	+0.4	15.99	8.13	7.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	229.10	+0.8	—	6.81	—	227.22	224.79	224.68	225.47	224.58

FIXED INTEREST PRICE INDICES

British Government	Wed., Nov. 28	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	100.18	+0.13	—	8.52
2 5-15 years	103.16	+0.02	—	9.47
3 Over 15 years	107.53	−0.01	—	12.28
4 Irredeemables	117.04	—	—	13.92
5 All stocks	103.31	+0.05	—	10.07

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Nov. 28	Tues., Nov. 27	Year ago (approx.)
1	Low Coupons	5 years	12.66	12.62	9.55
2		15 years	12.76	12.77	11.48
3		25 years	12.92	12.95	12.16
4	Medium Coupons	5 years	14.04	14.09	12.06
5		15 years	14.53	14.54	12.69
6		25 years	14.26	14.26	12.69
7	High Coupons	5 years	15.38	15.37	12.57
8		15 years	14.97	14.97	13.27
9		25 years	14.57	14.56	13.27
10	Irredeemables		12.48	[illegible]	[illegible]

	Wed., Nov. 28 Index No.	Yield %	Tues. Nov. 27	Mon. Nov. 26	Friday Nov. 23	Thurs. Nov. 22	Wed. Nov. 21	Tues. Nov. 20	Mon. Nov. 19	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	49.54	14.92	49.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55.20
16 Investment Trust Prefs. (15)	46.00	14.69	45.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	51.16
17 Coml. and Indl. Prefs. (20)	61.11	14.69	60.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.79

هكذا من الأصل

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
LASMO	25p	13	348	—	398	124
ICI	£1	11	358	+ 3	415	314
BP 'New'	25p	10	172	—	174	150
Oil Eploration	10p	9	652	+ 6	805	210
Cons. Gold Fields	25p	8	348	+15	350	178
GEC	25p	8	337	+ 1	456	311
Shell Transport	25p	8	348	− 2	402	278
Beecham	25p	7	122	+ 2	189	115
Boots	25p	7	161	+ 3	238	147
BAT Inds.	25p	6	250	—	362	243
Condor Intl.	25p	6	108	+ 2	110	101
Distillers	50p	6	220	+ 2	259	198
Marks & Spencer	25p	6	85	− 1	134	83
P & O Defd.	£1	6	103	+ 1	119	71
EMI	50p	5	132	− 1	147	81

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 26	Dec. 7	Mar. 6	Mar. 17
Dec. 17	Dec. 28	Mar. 20	Mar. 31
Jan. 7	Jan. 18	Apr. 10	Apr. 21

For rate indications see end of Share Information Service

Calls were arranged in LRC, Pacific Copper, Premier Oil, Talbex, Status Discount, KCA, Westbrick Products, Anderson Strathclyde, Lee Cooper, National Carbonising, Lonrho, De Beers Defd, Anglo American Corp., Allebone and Tate and Lyle. Puts were done in GKN and FNFC, while doubles were completed in Town and City and Cons. Gold Fields.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes † which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines F.T.	+52.58	Industrial Group	− 4.82
Oils	+49.13	Hire Purchase	− 5.55
Mining Finance	+42.13	Food Manufacturing	− 5.82
Food Retailing	+22.57	Other Groups	− 5.98
Breweries	+ 9.91	Discount Houses	− 6.88
Merchant Banks	+ 9.61	Insurance (Composite)	− 7.23
Property	+ 9.24	Contracting and Construction	− 9.82
Insurance (Life)	+ 9.11	Investment Trusts	−10.03
Wines and Spirits	+ 8.98	Capital Goods Group	−10.29
Overseas Traders	+ 6.17	Tobaccos	−12.16
Electronics, Radio and TV	+ 6.13	Packaging and Paper	−12.69
Banks	+ 4.70	Metal and Metal Forming	−14.47
500 Share Index	+ 3.75	Motors and Distributors	−17.24
Stores	+ 3.26	Pharmaceuticals Products	−19.94
All-Share Index	+ 3.18	*Insurance Brokers*	−20.39
Newspapers and Publishing	+ 3.12	Office Equipment	−20.50
Entertainment and Catering	+ 2.32	Mechanical Engineering	−22.87
Electricals	+ 1.58	Engineering Contractors	−23.45
Financial Group	+ 0.99	Textiles	−28.04
Consumer Goods (Non-durable) Group	− 0.46	Household Goods	−32.20
Chemicals	− 0.81	Toys and Games	−44.17
Shipping	− 1.41		
Building Materials	− 3.20		
Consumer Goods (Durable) Group	− 4.44		

† Percentage changes based on Tuesday, November 27, 1979 indices.

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Brit. Inds. Fund	63.2	67.6	+0.4	6.01
Growth & Income	38.2	40.9	+0.3	5.87
Elect. & Ind. Dev.	34.0	36.4	+0.4	5.77
Allied Capital	68.9	73.7	+0.1	5.56
Hambro Fund	108.5	116.3	+1.2	6.33
Hambro Acc. Fund	130.8	140.0	+1.2	5.75
Income Funds				
High Yield Fd.	65.1	69.7	+0.3	10.04
High Income	62.6	67.0	+0.6	8.51
A. H. Eq. Inc.	37.5	40.1	+0.2	8.60
International Funds				
International	25.6	27.4		2.93

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

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[illegible]

Continued on previous page

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BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

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ENGINEERING—Continued

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
*72	42	Hawkins & Tipson	42	......	4.46	2.4	15.2	3.1
19½	11¼	Hawtin 5p	13¾	......	0.25	6.7	2.6	6.3
78	48	Hay (Norman) 10p	48	......	3.7	1.8	11.0	7.3
*164	98	Hay's Wharf £1	105	+4	F7.21	2.3	9.8	5.9
65	27	Headlam 'A' 10p	59xd	......	2.5	♦	6.1	♦
132	72½	Hepworth Cmc.	91	+2	t4.9	3.6	7.7	6.3
76	26	Hestair	27	–1	‡3.5	—	♦	—
50	25	Hewitt (J.) 5p	47	......	1.28	6.3	4.0	5.0
72	40	Highgate & Job 50p	45	......	—	—	—	—
100	65	Hill (Chas.) £1	65	......	d2.0	—	4.4	—
*49½	28	Hirst Mal'son 20p	28	......	t2.6	3.6	13.3	2.9
90	77	Holden (A.)	77	–2	4.0	3.4	7.7	5.2
75	43	Hollis Bros	47	+1	5.12	1.8	15.6	4.5
250	148	Holt Lloyd Int. 10p	198	+5	H9.0	2.3	6.5	10.9
222	107	Hoover 'A'	107	–1	12.0	1.1	16.0	7.4
163	95	Hoskins & H 20p	95	......	10.39	1.4	15.6	5.9
71¼	23½	Howard Tenens	71¼	+¼	t1.9	—	3.9	—
267	142	Hunting Assoc.	225	+2	Z2.5	11.4	1.6	6.4
89	48	Huntleigh 10p	54	+2	t0.76	6.5	2.0	9.8
90½	40	Hutch Whamp. $HK½	78	–1	Q23c	2.5	2.8	14.3
33	22	Hyman (I. & J.) 5p	23	......	td0.96	3.6	6.0	6.7
£20¼	£11	I.C. Industries$1	£11½	......	Q$1.84	—	7.2	—
545	398	ICL £1	412	+5	t8.29	8.0	2.9	4.5
For Imperial Continental Gas see Oil & Gas								
34	25	Ingall Inds. 10p	32	......	2.06	1.7	9.2	9.3
146	88½	Initial Services	99	......	5.5	2.5	7.9	5.8
31	14	Inter-City 20p	14½	......	1.17	4.0	11.5	2.5

INSURANCE—Continued

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INSURANCE

PROPERTY—Continued

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Finance, Land, etc.

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OVERSEAS TRADERS

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MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued
CENTRAL AFRICAN

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
420	132	Falcon Rh.50c	405	+5	Q100c	♦	17.0
37	11	Rhod'n Corp. 16²⁄₃p	36	+2	0.56	6.5	2.2
165	70	Roan Cons. K4	115	–7	Q0.125	♦	6.6

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NOTES

"Recent Issues" and "Rights" Page 40

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FINANCIAL TIMES

Thursday November 2[illegible]

Soviets off target on Five-Year Plan

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION announced a significant cut yesterday in its industrial growth targets for 1980 in a bleak economic projection which confirmed that the economy would fall far short of meeting its targets in the current Five-Year Plan.

Figures presented to the Supreme Soviet, the nominal Parliament, by Mr. Nikolai Baibakov, the country's planning chief, showed that overall industrial output next year would grow by only 4.5 per cent, well down on the plan target of 5.7 per cent for 1979.

The session was attended by President Leonid Brezhnev, who sharply criticised the performance of the economy in a separate speech to the Central Committee on Tuesday.

He berated several Ministers, and revealed that the grain harvest in 1979 had slumped to 179m tonnes from a record 237m tonnes last year.

The harvest result means that the Soviet Union will be obliged to continue to import vast quantities of grain from the West for hard currency, and that the effects of this obligation will be felt throughout the economy next year.

Mr. Baibakov said that heavy industry, or category "A" production, [illegible] the traditional fo[illegible] plan, was [illegible] cent in 19[illegible] a target of 5.5 per cent [illegible] year.

Light industry, Category "B" production, was also to grow by 4.5 per cent compared with a target of 4.6 per cent this year.

Mr. Alexei Kosygin, the Prime Minister and the man who is in charge of running the Soviet economy, did not attend the Supreme Soviet session.

He was reported to have suffered a heart attack

Starting with a hard winter, this year has been the worst [illegible] taken [illegible] per cent, and this [illegible] that Soviet planners expect an overall industrial growth rate for 1979 of 3.6 per cent.

If Soviet industry achieves its 1980 growth target of 4.5 per cent, the total rise for the 1976-80 five year period would be 25.7 per cent.

This is far short of the Five-Year Plan target of 36 per cent and raises the possibility that the 1976-80 Plan may not be achieved until the end of 1982.

Mr. Baibakov also announced scaled-down energy targets for 1980 and a cut in defence spending of $155m.

The Soviet Union is to produce 606m tonnes of oil in 1980 instead of 640m tonnes, the figures envisaged when the Five-Year Plan was announced in 1976; and only 745m tonnes of coal instead of the original target of 805m tonnes.

Natural gas production will be 435bn cubic metres in 1980, the same as originally planned.

Brezhnev attack mismanagement, Page 2

Front moves closer to agreement on ceasefire

BY BRIDGET BLOOM AND MICHAEL HOLMAN

AGREEMENT BETWEEN the Patriotic Front guerrilla alliance and Britain on the principles of a ceasefire in the seven-year Rhodesian war seemed in sight last night.

Two bilateral sessions with Patriotic Front leaders Mr. Joshua Nkomo and Mr. Robert Mugabe ended yesterday afternoon with a 10-page elaboration of Britain's ceasefire proposals by Lord Carrington, Foreign Secretary and chairman of the Lancaster House conference.

Yesterday's paper made it clear that Britain is now prepared to shift its ground on at least three key issues in order to meet Patriotic Front objections—

1—The size of the proposed Commonwealth monitoring force, with a majority of British personnel, which could number at least 1,000 rather than the 300 to 400 originally envisaged. This could well be accepted by the Front, even though it has insisted that a force of "several thousand" is necessary.

2—"Britain has agreed that the force will stay in Rhodesia "until the independence government has been formed, its authority has been accepted and independence has been granted." This provision is clearly designed to set at rest Front *fears that if it wins at the* polls its victory could be overturned by a South African-backed Rhodesian Army coup.

3—Britain is also now talking of a "reciprocal disengagement" of the forces of both sides, in an attempt to meet guerrilla fears that guerrilla forces, by being gathered at "assembly points," would be at a disadvantage as against the Salisbury forces, which would remain in their existing strategically-placed bases.

Initial reaction to Lord Carrington's proposal from the Front was cautious, with delegates believing there might have to be more negotiations on the third-point area in particular.

Mr. Nkomo and Mr. Mugabe are to meet Lord Carrington in private session this morning, before the Foreign Secretary leaves for the EEC Summit in Dublin. British officials are not expecting a yes or no answer from the Front today.

A cautious note was struck by Mr. Pik Bota, South African Foreign Minister, who, following a 40-minute meeting with Lord Carrington yesterday afternoon, said he feared that further delay in the Rhodesian talks could bring a general escalation of the conflict in the whole of southern Africa.

Shell raises prices but drivers put supplies in jeopardy

BY PHILIP BASSETT AND SUE CAMERON

SHELL UK's petrol supplies were threatened yesterday by a dispute with its tanker drivers over contract labour. At the same time, the company put up the price of its four-star petrol by 1.77p a gallon, which will mean an extra 2p a gallon on pump prices.

Pay was stopped for between 400 and 500 petrol tanker drivers at more than 13 Shell terminals, including Bishopsbriggs at Glasgow, Haydock near Manchester, Northfleet and Silverton in London and Buncefield in Hertfordshire. The terminals' output was halted.

Most Shell garages hold about *one week's stocks*. As Shell has about 20 per cent of the UK petrol market, a long dispute could soon have an effect on the supply of petrol to consumers. The company has about 2,500 driver and related workers at 46 terminals.

Company officials were last night meeting Mr. Jack Ashwell, Transport and General Workers Union national secretary for commercial vehicles, to try to resolve the dispute, which centres on the drivers' refusal to allow contract labour to move supplies.

The company uses contract labour at peak demand periods. Shell moves about 10 per cent of its products with contract labour, while Esso, for example, moves about 20 per cent of its petrol by contractors' vehicles.

Shell said yesterday that its agreement with the TGWU contained a clause which allowed it to use hire contractors to deal with business peaks. On October 8, though, the TGWU had told the company that following a decision of a shop stewards' delegates conference they would *not* co-operate *with* further use of contract labour.

Shell gave the drivers until 3 pm on Tuesday to rescind their decision, and then stopped their pay. A spokesman emphasised yesterday that they had been neither suspended nor locked out.

The tanker drivers have already rejected a pay offer worth up to 23 per cent. The company's 3,000 white-collar staff have rejected an offer of between 16 and 19 per cent. In the marketing division the company is making the offer conditional on the acceptance of further new-technology equipment.

As well as the petrol price increase, Shell also yesterday raised the price of some of its other oil products including fuel oil which will cost an extra 2.40p a gallon. The prices of Shell's standard grade burning oil and gas/diesel oils have been increased by 2.14p a gallon and derv fuel by 2.05p a gallon. Regular grade petrol has gone up by 1.73p and economy grade by 1.77p a gallon. All the increases took effect at midnight last night (November 28).

Shell says the price rises have been forced on it by the substantial increases in the cost of its crude oil supplies. Since the last Shell petrol price rises in July this year, the cost of Kuwaiti crude has risen by 10 per cent while that of North Sea oil has gone up by 12 per cent.

Kuwait provides some 40 per cent of Shell's UK oil requirements while the North Sea provides more than 50 per cent. The company said yesterday that it was also having to buy between 5 per cent and 10 per cent of its UK supplies on the more expensive spot market.

Mr. Brian Bowden, marketing director of Shell UK Oil, said *he expected the other oil majors* to follow Shell's lead.

Callaghan in new defeat on party

BY ELINOR GOODMAN, LOBBY STAFF

MR. JAMES CALLAGHAN'S authority as leader of the Labour Party received a further serious blow yesterday when he was defeated yet again by the party's national executive.

The executive voted against giving the Parliamentary Labour Party any further representation on the commission of inquiry into the party's structure. A request from moderate trade unionists for a review of the committee membership was also rejected.

Instead, a motion from Mr. Anthony Wedgwood Benn, who has been the prime instigator of many of the challenges to Mr. Callaghan's authority, was approved, reaffirming the Left-wing balance on the committee.

Last night the Shadow Cabinet had apparently not given up hope of influencing the membership of the committee. Its hopes of persuading the executive to accept a compromise rested largely on the unions who help finance the party.

Mr. Callaghan publicly backed Mr. David Basnett, general secretary of the General and Municipal Workers Union and spokesman for the Committee of Trade Unions for a Labour Victory, in his request for a meeting of party officers and representatives of the union group to discuss the question again.

Mr. Callaghan said there was still "an intense feeling of dissatisfaction within the PLP" and that since the committee also seemed to share these worries, the executive ought to *reconsider its decision.*

Unless yesterday's vote is reversed, the commission seems even more likely than before to produce a report in favour of the changes advocated by the Left. The moderates' hope of using the committee as a way of defusing some of the decisions taken by this year's conference on constitutional issues has rebounded in their faces.

The anger created by the rejection of the Shadow Cabinet's demand for special seats on the commission also means that the split between the PLP and the executive has widened still further. The two are at loggerheads and it seems certain that the PLP's recommendations for altering the party structure will be very different from that produced by the commission of inquiry. This could have a profound effect on the future course of the party.

The bid for special representation was the latest in a long running struggle for power within the party from which Mr. Callaghan and the PLP have emerged as the losers.

At yesterday's meeting of the executive Mr. Callaghan asked for three seats to be allocated to the PLP in addition to those reserved for the party leader and his deputy, Mr. Foot.

The Shadow Cabinet had expected to be offered one seat for Mr. Fred Willey, as chair*man of the PLP, but all they* were offered was observer status for Mr. Michael Cocks the chief whip. Since Mr. Cocks would not be allowed to vote this offer was interpreted by some moderate MPs as more an insult than a concession.

Mr. Callaghan himself was last night in a relatively conciliatory mood last night. The best thing was to get on with the work of the inquiry, he said. But he and the Shadow Cabinet wanted to ensure that the party continues to represent the things they believed it always had stood for.

The moderate Manifesto Group was more outspoken. It described the executive's decision as a "slap in the face for the PLP." The Left, it said, was behaving like a "steamroller flattening all opposition." Like the Shadow Cabinet, it was looking to moderate union leaders to support its case.

But the Trade Unions for a Labour Victory committee and the PLP are committed to taking part in the inquiry, though if the commission looked like producing a report which was totally at odds with their views, they would certainly do all they could to discredit it.

Overhaul for supplementary benefits

BY DAVID CHURCHILL

PROPOSALS for radical changes in the supplementary benefits scheme were published by the Government last night.

Changes put forward in a White Paper include abolition of the Supplementary Benefits Commission, the setting up of an advisory body to replace it, complete revision of the scheme's legal structure and publication of the rules governing entitlement to benefits.

The White Paper also proposed that the main rates of supplementary benefits should be brought in line with the corresponding rates for national insurance benefits.

The measures detailed in the White Paper will be contained in a Bill to be published today.

The wide-ranging overhaul of the supplementary benefits scheme follows the publication last year of a report by a Whitehall review committee.

The proposed changes, which are intended to take effect from next November, will require no additional cost or staffing. The aim is to simplify the supplementary benefits scheme to enable claimants to understand more easily the often complex regulations.

Among the more detailed changes proposed are that the present two-year qualifying period for the higher long-term rate of benefits should be reduced to one year. The unemployed, as at present, would not qualify for the long-term rates.

In addition, the five age-related rates of benefits for children would be reduced to three.

The White Paper also proposed that school leavers should not be allowed to claim benefits until the end of the holiday following their last term at school.

New rules on savings and how they affect benefits are also to be simplified.

Continued from Page 1

Stormy summit

factory solution is within reach.

Support is clearly growing among other EEC governments for a proposal by the European Commission to change the so-called corrective mechanism designed to limit imbalances in national budget payments, which would reduce Britain's net contributions by about £350m annually *over the next three or four* years.

The Commission also proposes increased investment in areas of interest to the UK, such as coal, transport and agricultural improvement.

The budget dispute is expected to overshadow all other items on the agenda including the Commission's latest proposals for restraining farm spending; energy policy; the future of Europe's micro-electronics industry; and a report on the functioning of EEC's institutions.

The Government leaders may also decide to issue statements on the crisis in U.S.-Iranian relations and on Rhodesia.

Continued from Page 1

Iran

Deutsche Babcock is a publicly quoted company whose shares are "bearer shares."

No injunctions can be obtained until it is discovered precisely where they are lodged.

The Bonn Government was informed about Morgan Guaranty's action last Friday and is clearly concerned about its possible impact on the West German community still in Iran.

Officially, the Government stresses it has no power to intervene in, or influence the process now taking place.

'Alcohol plan will hit UK chemical industry'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN COMMISSION proposals to subsidise agricultural alcohol production using the so-called wine lakes and other surplus products could severely hit the UK chemical industry, chemical manufacturers have told the Government. The result, they claim, would be to *swamp the European synthetic* alcohol market.

The proposal is part of a number of draft Commission regulations on alcohol. It would enable countries like France to turn their surplus wine into alcohol for industrial uses and then sell it at prices that would undercut producers of synthetic alcohol.

The Commission proposes a minimum of 100,000 tonnes a year of agricultural alcohol—made from potatoes, cereals, sugar beet and fruit as well as from wine—be sold into the synthetic alcohol market at a cost to the Community of £22m a year in additional subsidies.

Agricultural alcohol production already receives some subsidy. At present synthetic alcohol made from petrochemicals is far cheaper to produce than *agricultural alcohol*. Synthetic alcohol currently sells for about £350 a tonne while agricultural alcohol costs about £1,250 a tonne.

Supply and demand are now fairly evenly balanced in the European synthetic alcohol market at about 400,000 *tonnes* a year. But the Chemical Industries Association fears the appearance of an extra 100,000 tonnes of cheap, subsidised agricultural alcohol would distort it completely.

Worst hit would be BP Chemicals, the biggest producer of synthetic alcohol in the free world. The company is currently building a £57m synthetic alcohol plant at its chemicals complex in Grangemouth, Scotland. But it could be forced to stop the construction of the plant if the proposed regulation goes through. There is even concern the group could be faced with having to pull out of the synthetic alcohol market altogether.

It is estimated the draft regulation, which would not benefit Britain because she does not contribute to Europe's wine lakes, could damage the UK balance of payments by a minimum of £15m a year and possibly by as much as £40m a year.

A delegation from UK chemical companies, led by the Chemical Industries Association and including representatives from BP Chemicals and some of its synthetic alcohol customers, has already seen Sir Keith Joseph, the Industry *Secretary. The delegation is* understood to have had a sympathetic hearing from Sir Keith when it spelt out the likely impact of the draft regulation.

The proposal, along with other draft regulations on alcohol, was to have been discussed by the Council of Ministers next month, but it now seems likely there will be no decision on it until next spring.

The total cost to the EEC of implementing all the draft regulations on alcohol is estimated at £85m, including the cost of other subsidies and of administration.

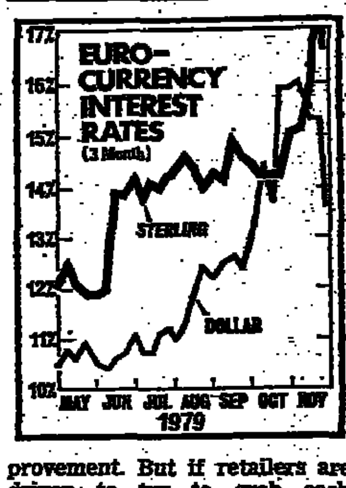
At present the EEC has a reserved market for agricultural alcohol of around 350,000 tonnes a year. This alcohol is used in the making of spirits, vinegar, pharmaceuticals and cosmetics and it is not open to producers of synthetic alcohol. Prices in the reserved sector are already subsidised.

News Analysis, Page 8

THE LEX COLUMN

The cash bulge in retailing

Index rose 4.4 to 416.9



Although there was some nervousness early yesterday morning about the possibility of big foreign applications for the new long tap, applications appear to have been for less than £200m nominal. With so much stock on offer, any sense of urgency has disappeared from the gilt-edged market, at least for the time being.

Retailing

As the manufacturing sector heads deeper into financial deficit, the cash surpluses common in retailing stand out more starkly in contrast. Groups like Tesco are generating so much cash out of their businesses that they are looking around for capital hungry operations to absorb the surpluses — which is presumably why both Tesco and Currys have decided to move into TV rental. A famine in retailing sites has developed as a result of the pressure to expand, which is strongest for *quick* turnover retailing operations where expansion not only brings a tax bonus through stock relief, but thanks to trade credit can be self-financing. Retailers which are making profits on any definition of real earnings are paying virtually no tax—a mistake which a revenue-hungry Chancellor is bound to be tempted to correct in his next Budget.

For the time being, however, the sun continues to shine. An interesting example arrived yesterday in the shape of the results of Comet Radiovision, where the jump in pre-tax profits from £5.28m to £9.2m, good though this is, bears no relationship to the cash generating power of the group. In fact Comet during the year managed to pay out some £13m in cash for Caledonian Holdings *and still increase its year-end* cash balances by over £1m to £11.9m. Meantime, only partly because of the acquisition, which has brought in the Timberland home improvement chain, stocks have jumped by almost two-thirds to £50m. Admittedly Comet has taken on some £5m of debt to achieve this: but the bulk of the finance for expansion appears to have come from trade credit, which is up by half to some £44m.

In a less buoyant — though still perhaps not contractionary — retail climate next year the need *is going to be to keep on* growing. Comet, for instance, plans to do this by developing new areas like photographic goods and kitchen furniture, and expanding in home improvement. But if retailers are driven to try to grab each others' markets, and their suppliers find it hard to maintain the length of credit, conditions could become quite a bit less favourable in 1980.

Johnson Matthey

If market, rather than base, prices are used to value precious metal stocks, Johnson Matthey's shares are backed by assets of 416p each, against a share price of 202p — up 13p yesterday. Moreover, JM has maintained the first quarter's growth rate with a 25 per cent half-time advance to £11.46m pre-tax, and it is clear that the contribution from trading, dealing and banking (35 per cent of 1978-79 profits) has become more pronounced.

But the corollary of rare metals price escalation is growing customer resistance to finished goods, and this has been particularly marked in the mechanical products division and in colours and transfers. *Annual profits should be heading* for around £24m pre-tax, against £21.6m, for a fully-taxed p/e of 8½. That seems fair enough, but the volatility of commodity markets, heady though the temporary benefits may be, threatens the attempts to exploit the potential of the group's metals technology.

BPB Industries

Price decontrol in the UK and France is quickly proving valuable for BPB Industries, the monopoly manufacturer of plasterboard in the UK. Over the first half-year demand has held firm and turnover is up 14 per cent, representing a volume gain of a couple of points. Margins have been fully maintained, after a 9 per cent UK price increase in April, with pre-tax profits rising 20 per cent to £21.2m.

Last year's dramatic improvement in France, following the ending of price controls, is fully sustained. With trading profits at £2.8m compared with £1.1m at the same time last year, French margins have moved up from less than 4 per cent to nearly 8 per cent. Results are less impressive in more competitive markets, such as the Republic of Ireland, where profits are 20 per cent down, and the Netherlands, where the loss is unchanged.

The group appears well on target for pre-tax profits of £40m in the full year, with a further 12.5 per cent price rise in October likely to insulate its earnings to a considerable extent from any decline in demand. The share price jumped 11p yesterday to 157p, at which level it stands on the unchallenged fully-taxed multiple of 7.5. If, following the increased interim the final dividend is held, the yield will be 8 per cent.

Dawnay Day

News that Britannia Arrow is considering a counter bid for Dawnay Day raises two obvious questions. Is Dawnay worth a lot more than the 60p per share which Rothschild Investment Trust has already offered through its subsidiary, Home Holdings? If so, can Britannia afford the price?

Dawnay's main asset is its insurance company, Target Life, which independent actuaries recently valued at not less than £6m. In addition its unit trust side, with funds under management of £110m, could be worth perhaps £5m. Add in the value of its lending earnings, on a market average p/e, plus its investments and banking side and—with a bit of pushing and shoving—the ordinary shares could just be worth £1m or so more than the £10.6m which Home has offered and the Pru along with Dawnay's directors have conditionally accepted.

Britannia is obviously very keen to get hold of a life business to tie up with its unit trust activities. And thanks to the warm heart of the Bank of England—which took Slater Walker's banking business off its hands—it probably has upwards of £10m cash to spend. But with a market capitalisation of under £15m and an image which has not yet been altogether restored, it will be pushed to make a convincing counter offer.

Weather

RAIN; showers spreading from W. and N.

S.E., N.E. England, Midlands
Cloudy, occasional rain. Max. 14C (57F).

S.W. England, Wales
Cloudy, occasional rain. Max. 13C (55F).

Channel Islands
Dry, rain later. Max. 14C (57F).

N.W. England, Isle of Man, N.W., N.E., Cent. Scotland, N. Ireland
Cloudy, rain. Max. 13C (55F).

S. Scotland, Borders
Cloudy, rain. Fog patches. Max. 10C (50F).

Outlook: Rain, becoming dry.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	11	52	Lisbon	S	13	55
Athens	F	14	57	Locarno	Fg	10	50
Barcina.	S	17	63	London	F	12	54
Belfast	F	13	55	Luxor	S	22	72
Belgrd.	F	7	45	Madrid	S	12	54
Berlin	R	5	41	Majorca	S	18	64
Biarritz	S	13	55	Malaga	S	19	66
Bmghm.	S	12	54	Malta	S	18	64
Blackpl.	F	14	57	M'chstr	S	13	55
Bordx.	S	7	45	Milan	S	9	48
Bristol	S	13	55	*Moscow*	S	1	34
Brussels	S	10	50	Munich	R	8	46
Budpst.	C	5	41	Naples	F	15	59
Cardiff	S	12	54	Nwcstl.	C	14	57
Cas'b'ca	S	22	72	Nice	S	16	61
Cologne	C	11	52	Oporto	S	19	66
Cpnhgn.	R	4	39	Oslo	C	−2	28
Corfu	S	22	72	Paris	S	11	52
Dublin	F	15	59	Prague	R	4	39
Ednbgh.	F	13	55	Reykjvk.	R	4	39
Faro	S	18	64	Rhodes	F	15	59
Florence	F	12	54	Rome	S	15	59
Frankft.	C	10	50	Salzbrg.	R	7	45
Funchal	C	21	70	Stckhlm.	S	1	34
Geneva	S	6	43	Strasbg.	C	10	50
Gibrltr.	S	17	63	Tangier	S	20	68
Glasgow	F	13	55	Tel Aviv	C	19	66
G'nsey	S	10	50	Tunis	F	17	63
Helsinki	Sn	−1	30	Valencia	S	19	66
Innsbrk.	C	7	45	Venice	S	12	54
Invrnss.	F	14	57	Vienna	R	3	37
Istanbul	R	6	43	Warsaw	C	4	39
Jersey	F	8	46	Zurich	C	7	45
L. Plms.	C	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. Sn—Snow. S—Sunny.

Car workers are recalled

PRESSED Steel Fisher has recalled 660 workers to its Cowley plant, near Oxford, to make more car bodies for the Maxi range. The workers were among 2,000 laid off last week because engine shortages had stopped Marina and Princess production at the Austin Morris plant.

The Financial Times Ltd., 1979